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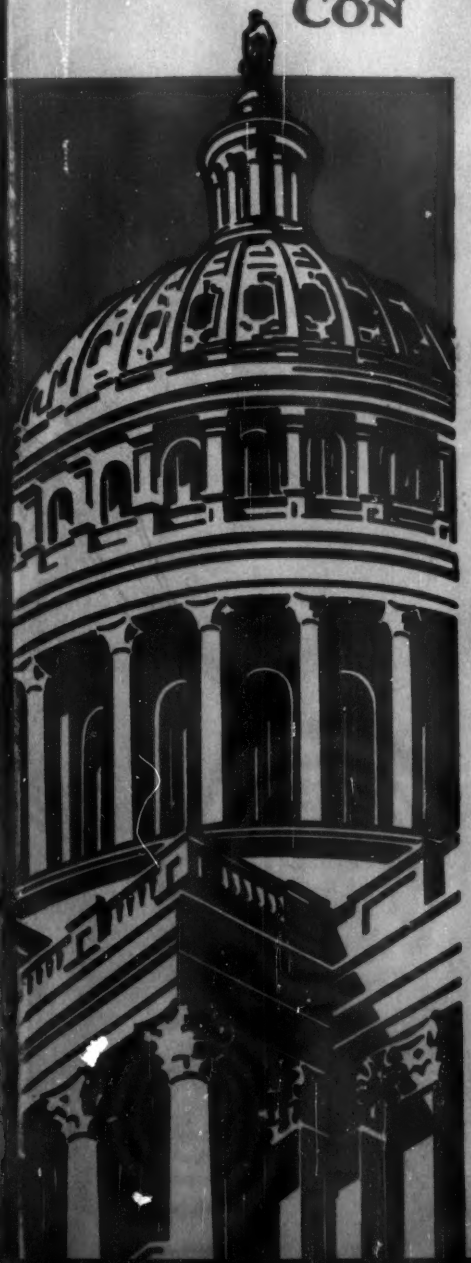

April, 1935

Congress Deals with the Labor Problem

Growth of U. S. Labor Movement Since 1785
Labor's Program in the Present Congress
President Roosevelt's Recent Labor Messages
Details of the Prevailing Wage Controversy
Provisions of Black Thirty-Hour Week Bill
The Wagner Collective Bargaining Proposal

Pro and Con Discussion by Members of Congress
Labor and Industrial Leaders and Authorities

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N. T. N. ROBINSON
Editor and Publisher

A. GRAM ROBINSON
Founder

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No. 4

Congress Pauses to Take Stock of Spring Program

Action to Date

by N. T. N. Robinson

WITH the President in Florida, the $4,800,000,000 Works Relief Bill in conference, Huey Long temporarily silent, and the famous Japanese cherry blossoms about to burst forth in official announcement that spring has arrived in Washington, members of the Senate and House are taking stock of their achievements and contemplating what is before them.

What they are discovering is that with the exception of three annual appropriation bills—the First Deficiency bill, the State, Justice, Commerce and Labor Departments bill and the Independent Offices bill, which covers the various commissions, boards, etc., outside the regular executive departments—and a bill appropriating $60,000,000 for loans to farmers for seed purchases, etc., they have passed no major legislation in the three months that have elapsed since Congress convened on January 3.

The Deliberative Senate

The reason, of course, is the temper of the Senate, a substantial proportion of whose members came to Washington in January determined to use greater deliberation in the consideration of major legislation than they had in the past two sessions.

The measure they chose for the object of their return to deliberation was the Works Relief Bill, the cornerstone of the Administration's legislative program.

The Importance of the Works Relief Bill

The minute the President requested Congress to vote him this gigantic sum, wise Senators knew what it would mean to do so. They knew that the President, armed with the authority and funds provided in the bill, need not bother about the rest of his legislative program.

He might be a bit disappointed at the failure of such measures as those providing for unemployment insurance, old-age pensions, continuation of the NRA, abolition of utility holding companies and other reform measures, but he would not be heartbroken.

The passage of the Works Relief Bill would not only restore his prestige, somewhat damaged by criticisms of NRA, AAA and continued unemployment and, legislatively, by his decisive defeat on the World Court resolution, but would place in his hands the money and the power to strengthen his political position in every section of the country.

The Clamor for Federal Funds

There was never any doubt from the beginning that the Works Relief Bill would be passed without any reduction of the full amount asked by the President. Too many cities, towns and counties were clamoring for Federal relief funds. But a number of Senators felt that at least some of the funds should be ear-marked so that the public could not accuse the Senate of being a rubber stamp and being lax about its constitutional duty regarding the appropriation of public funds.

And, incidentally, there were here and there a goodly number of Senators who felt it was high time to take Mr. Roosevelt over the jumps. They had been wanting to do it for some time, but doubted public support for such a move. The fact that there was no censorious public outburst following the World Court vote, indicated to these Senators that that stage of the New Deal had been reached where they could sock the President without being booed by the spectators. So they followed up on the World Court smash with a stream of short arm jolts on the Works Relief Bill.

The McCarran Amendment

The temporary attachment of the McCarran "prevailing wage" amendment to the bill (see page 106) was an impromptu sort of an affair. Senator McCarran, aided by the American Federation of Labor lobby, suddenly worked up substantial and unexpected support for the amendment and a number of Senators who were at heart against it and who knew it would be knocked out by the House conferees when the bill went to conference, voted for it simply to bedevil the President.

After the bill was sent back to committee, the White House began putting on a little under cover pressure and doing a little quiet trading. The result was a desertion of the amendment by some Democratic Senators and its defeat.

The only real work the Senate did on the bill was to earmark part of the funds. The Thomas inflation amendment does not go any further than Congress has already gone with inflationary measures.

The President "Goes Fishing"

Among the regular Democrats and Republicans on Capitol Hill there is a feeling that with the Works Relief bill passed and signed the President will have got from Congress all he really cares anything about. His liberal and radical supporters have their hearts set on the social security and public utilities control programs, and the White House will continue to express its interest in them, but, according to the old liners, the President has all the "program" he wants in the $4,800,000,000 handed to him in the Works Relief measure.

Demands for other legislation on the program will, according to the politically minded, be so much "window dressing."

"I notice," remarked one of the President's leading Democratic critics in the Senate, "that as soon as the Works Relief bill was passed by the Senate, the President went fishing."

The status of other important legislation on the President's program is given below.

The Agricultural Adjustment Act

The Senate Committee has completed hearings on various amendments that have been offered to the Agricultural Adjustment Act, but has taken no action.

The duration of the AAA has no fixed time limit, but is to continue until the President considers the economic emergency is over.

Officials of the AAA and farmers' organizations are urging the major amendments to the Agricultural Adjustment Act. They provide for:

1—Enforcement of the marketing agreement acts by agents' licensing system. The courts have decided that the marketing agreements are null and void so far as intra-state commerce is concerned, although legal so far as interstate commerce is concerned. This has resulted in the breaking up of marketing agreements by what AAA officials call "recalcitrant" processors. Under a licensing provision, AAA officials feel this condition could be controlled.

2—Authority to develop what is known as an "ever normal" granary system and the payment of benefit payments in kind instead of in money. Under this plan corn, cotton and wheat would be stored in the farmer's barn, sealed by the Government. In the event of a bumper crop this year, necessitating crop curtailment next year, farmers who agreed to curtail according to the Government program would be paid for reducing their acreage with the corn, cotton or wheat out of barns, instead of with money. The crops would not be interchangeable. A corn grower would receive corn, a cotton grower, cotton and a wheat grower, wheat. He would then sell this commodity thus received if he so desired, or hold it for future sale.

3—Power to levy a livestock permission processing tax. This means the levying of a tax on hogs, sheep and cattle instead of on corn. It is estimated that but one-fourth of the corn produced is now processed. The rest is fed to cattle, sheep and hogs. The idea is that cattle, sheep and hogs shall be classed as corn-processors and taxed for the amount of corn they consume, the proceeds of the tax to be used in the development of new markets for livestock. This plan, offered by Earl C. Smith, president of the Illinois Agricultural Association, involves the application of the McNary-Haugen equalization fee plan that was before Congress for several years.

What will become of these amendments is problematical, but farmers' organizations are pressing hard for their adoption. (*See Congressional Digest, December, 1934*).

The National Recovery Act

The results produced by the National Industrial Recovery Act are being bitterly attacked from two sides. Men like Senator William E. Borah, of Idaho, and the veteran lawyer, Clarence Darrow, are accusing it of operating entirely for the benefit of big business to the ruination of the little business man.

Organized labor, led by William Green, president of the American Federation of Labor, and John L. Lewis, president of the United Mine Workers of America, are attacking it on the ground that its administrators, by their rulings under Section 7-a of the Act, have sided with the employer against the employee in a manner and to a degree which is in violence of the spirit and the letter of the Act.

Representatives of consumers are attacking it because it has raised prices.

Donald Richberg, who succeeded General Hugh Johnson as head of NRA, has been before the committee urging its continuance.

On February 20, President Roosevelt sent to Congress a special message recommending the continuance of NRA for another two years.

On February 28, the Senate adopted a resolution (S. 79) introduced jointly by Senators Gerald P. Nye, of North Dakota, and Senator Patrick H. McCarran, of Nevada, authorizing and directing the Senate Committee on Finance to investigate the operation of the NRA codes.

No bill or resolution for the continuation of NRA is pending, but presumably the Committee on Finance will recommend that it be continued for at least a year and will draft a bill for that purpose.

There are rumors about the Capitol that Donald Richberg, who succeeded General Hugh Johnson as head of NRA, has a draft of a bill, but if he has he has not presented it to the Committee on Finance, before which he has appeared as the principal Administration witness

since the hearings directed by the Nye-McCarran resolution began.

It seems highly probable that Congress will vote to continue NRA in a modified form. If there is too much controversy over Section 7-a, the collective bargaining section, the labor question may be taken care of in the Wagner Labor Disputes bill.

Many of those opposed to NRA are willing to have some of its provisions continued because they realize that to let NRA die suddenly might result in a chaotic condition in industry.

The Administration cannot afford to have NRA dropped entirely, because that would mean that Congress had gone on record to the effect that one of the mainstays of the New Deal program was a failure. General Hugh Johnson has already given it as his opinion that NRA is dead. A number of Senators and Representatives anticipated General Johnson and said it was dead when the Administration failed to ask the renewal of NRA's original licensing provision, which expired June 16, 1934.

As the situation now stands, predictions at the Capitol are that NRA will be let down easily, but that its day as an effective force is done. (*See Congressional Digest, June, 1934*).

The Social Security Bill

As the DIGEST goes to press the House Committee on Ways and Means is holding daily executive sessions on the final draft of the Social Security bill, providing for unemployment insurance, old-age pensions and child welfare. No forecasts are being made on the date it will be reported to the House, but it is known that the Committee is eager to bring it out as soon as possible, because of the anticipated fight against some of its features.

One of the features that is causing worry is the old-age pension provision. The old-age provision in the bill as originally introduced is for the Federal Government to contribute $15 a month to the aged in each state which matches that amount.

This limitation is not, however, satisfactory to the supporters of the Townsend Plan for an outright Federal old-age pension of $200 a month. Apparently the Townsenites are not strong enough in either house of Congress to force the adoption of their plan, but their adherents throughout the country are sufficiently numerous to cause trouble for the Democratic party in the 1936 elections if the Administration's old-age pension plan is disappointing to them. It is this angle that is causing the Democratic leaders concern.

Another troublesome feature is the lack of actuarial figures on unemployment insurance. Members of the Ways and Means Committee are not at all certain that they have anything like an accurate estimate of the cost of unemployment insurance.

Furthermore, most of the state legislatures, which meet every two years and which have been in session this year, are now adjourning and cannot, unless called into extraordinary sessions, act upon the unemployment insurance and old-age provisions of the pending Social Security bill for another two years. This will lend strength to the opposition argument that more time should be given to the study of the Administration proposals before Congress passes upon them.

The Administration is expected to get behind the bill for passage through the House, at least. The Senate Committee on Finance, which held hearings at the same time hearings were being held by the House Committee on Ways and Means, will make no further move until the bill comes to the Senate from the House.

With the situation as it is in Congress no one can venture a prediction as to the ultimate fate of the Social Security bill. There is no certainty that it will be passed and no certainty that it will fail. (*See Congressional Digest, February and March, 1935*).

Soldier Bonus Legislation

In a tense battle on the floor of the House on March 22, advocates of the Patman bill for the immediate cash payment of veterans' adjusted service certificates won over the advocates of the Vinson bonus bill, reported by the House Committee on Ways and Means and supported by the Democratic House leaders.

The Patman bill is the "inflationary bill," providing for the payment of the cash bonus by a new issue of greenbacks. The Vinson bill left to the Treasury the method of raising the funds to pay the bonus.

The passage of a bonus bill has been a foregone conclusion since Congress convened, but whether the Patman or the Vinson bills would be chosen was in doubt until the ballot was taken.

It seems doubtful if the Patman bill will be accepted by the Senate. In fact, bonus sentiment is not as strong in the Senate as it was earlier in the session.

Some Senators who are rated genuine friends of the veterans are growing fearful of the results of the passage of a cash bonus bill. They fear that the incompetent and shiftless class of veterans, now on relief, will promptly spend their bonus money and go straight back on relief. The bonus certificates which are insurance policies if paid in cash and spent, will result in depriving the wives and families of veterans of their protection in the event of the veteran's death.

It may be that a bonus bill will be passed by the Senate, although that appears not so certain as it did earlier in the session, but if it does, its chances of passage through the Senate by a two-thirds vote to override a Presidential veto seems doubtful at this time.

Utility Holding Company Legislation

The Administration bill for the dissolution of holding companies, introduced by Representative Sam Rayburn, of Texas, Chairman of the House Committee on Interstate and Foreign Commerce, and pending before that committee, is causing its sponsors more trouble than they had anticipated. A bill that would check the type of financial manipulation practiced by some of the holding companies would not only pass Congress with little or no opposition, but would meet with popular approval. But preparing a bill to effectively accomplish the purpose is not so easy.

The problem is highly complicated and the attempted solution of which a mistake might cause losses to innocent stockholders. It has been discovered, for example, that some holding companies have several types of stocks and bonds. To sell the holding companies, if they could be sold, and pro-rate the proceeds among the sharehold-

ers, as had been suggested, is not feasibly because preferential shareholders might not agree upon a proposed prorating with holders of less valuable shares. The utility interests are making a stubborn fight against the bill, enlisting thousands of individual utility stockholders to send letters and telegrams to their Senators and Representatives, protesting against the passage of the Rayburn bill.

If the future of the bill appears to depend upon the satisfaction of its sponsors that they have drawn a bill which will wipe out holding companies within five years without doing too much harm to innocent investors. If they can draft such a bill its passage would seem almost certain.

The Works Relief Bill

On March 23 the Senate passed the $4,800,000,000 Works Relief bill with amendments. As passed the bill provides for all expenditures excepting highway funds "in the discretion and under the direction of the President."

Makes mandatory upon the Secretary of the Treasury to issue certificates against all unallocated silver in the Treasury or to be acquired, such paper money to be used in paying expenses of the Government. This would mean immediate currency expansion of $375,000,000. Authorizes acceptance of silver in settlement of international trade balances.

Requires President to pay prevailing rate of pay to employes on permanent Federal buildings constructed under the bill, but allows him to pay a "security wage" on all other projects.

Earmarks 4,000 million dollars, subject to alteration by the President, as follows:

Highways and grade crossing elimination, 800 million dollars; rural rehabilitation and relief in stricken agricultural areas, 500 million; rural electrification, 100 million; housing, 450 million; projects for professional and clerical persons, 300 million; the Civilian Conservation Corps, 600 million; loans or grants to States or political subdivisions thereof, 900 million; sanitation, prevention of soil erosion, reforestation, flood control and miscellaneous projects, 350 million dollars.

Authorizes President to use 800 million dollars of the four billions as he desires in rearrangement of the earmarked projects.

Gives President discretionary authority to use 40 million dollars to keep public schools open remainder of present school term.

Requires President to utilize existing governmental departments or agencies on projects which they have been accustomed to handle.

Extends Public Works Administration and Civilian Conservation Corps two years and the Federal Emergency Relief Administration one year.

Banking Legislation

The Administration banking bill is being considered by both the Senate and House Committees on Banking and Currency and will be the subject of vigorous debate in both houses in the near future when its provisions are finally worked out and reported.

Food and Drugs Bill

The Copeland Food and Drugs bill was reported by the Senate Committee on Commerce on March 22 and is on the calendar awaiting action. This was mentioned by the President, before he left for Florida, as one of the measures which should be passed by Congress at this session. It amends the existing Food and Drugs Act. (*See Congressional Digest, March, 1934.*)

Home Owners Loan Corporation

On March 12 the House passed HR6012, amending the HOLC bill and appropriating $1,750,000,000 for home owners' loans. The bill, mentioned by President Roosevelt as one of the most important measures now pending, is before the Senate Committee on Banking and Currency.

New Tax Legislation

The question of new tax legislation is still in abeyance in Congress. The House Committee on Ways and Means has been occupied with the Social Security and Soldier Bonus bills but is expected to take up tax problems within the near future.

Congress Deals With The Labor Problem

Foreword and Study Outline

STRIPPED to their essentials, the innumerable bills and resolutions pending in the Senate and House affecting labor are designed to produce the following results:

1. The employment of labor at a rate of pay that will insure a good standard of living.
2. The shortening of working hours without a lessening of income.
3. The right of workers to organize into unions of their own choosing.
4. The exercise of collective bargaining through those unions only.
5. The maintenance of a Federal tribunal to decide disputes between employers and employees.
6. Government aid in the maintaining of old age and unemployment insurance.

Bills for High Wages, Short Hours and Collective Bargaining

The maintenance of high wages is looked for by organized labor through the passage of the Wagner labor disputes bill, which provides for collective bargaining by organized unions, bars "company unions" and sets up a permanent Federal labor disputes board; and, through the Black bill for a thirty-hour week.

Provision for collective bargaining is also sought for in any legislation that may be presented for the continuation of the National Industrial Recovery Act, by changes in Section 7-a of the original Act, around which so much controversy has raged.

"Prevailing Wages" for Relief Work

The McCarran Amendment to the $4,800,000,000 Works Relief bill, which was defeated in the Senate, was also designed to maintain the wage scale, by providing that those employed on public works under the provisions of the works bill, should be paid the prevailing wages for the work they do in the locality in which they are employed.

Old-Age Pensions and Unemployment Insurance

The old age pensions and unemployment insurance are provided for in the Administration's National Security act.

(These two questions are dealt with in the February and March, 1935, numbers of the CONGRESSIONAL DIGEST).

Status of Major Labor Legislation

As the DIGEST goes to press the status of the major labor legislation is as follows:

The Wagner labor disputes bill (S 1958) is before the Senate Committee on Education and Labor. Hearings are being held.

The Black thirty-hour week bill is before the Senate Committee on the Judiciary. Hearings have been held and the Committee has voted to report the bill. Majority and minority reports are being written.

The status of legislation for the continuation of the National Industrial Recovery Act is somewhat peculiar.

The original Act expires on June 16, 1935. When Congress convened the Administration indicated that it would leave the fate of NRA entirely in the hands of Congress and, so far, the President has not, either directly or through any of his subordinates, furnished Congress with even an outline of a bill for this purpose.

This is in startling contrast to the manner in which the original bill was handled. That bill was drawn entirely in May, 1933, by members of the so-called "Brain Trust," handed to Congress in completed form and rushed through both houses under strong pressure from the White House.

Nor has any member of the Senate or House introduced a bill for the continuation of NRA.

The President Urges NRA Extension

The President, however, in a message February 20 (see page 109) urged Congress to extend the provisions of the National Industrial Recovery Act for two years and expressed, in general terms, his views on the subject.

Under a resolution introduced by Senators Nye and McCarran, and adopted by the Senate, the Senate Committee on Finance is investigating the code practices under NRA and is giving particular attention to Section 7-a.

So far as the labor provisions of NRA are concerned, they can and probably will be taken care of in the Wagner Labor Disputes bill. Whatever changes are made in Section 7-a and in the labor disputes tribunal provisions of the Recovery Act could be covered in the Wagner bill and probably will be in the event that the general provisions of the Recovery Act are radically changed in a bill to continue NRA.

As stated above, the McCarran "prevailing wage" amendment to the Works Relief bill has been disposed of, so far as Congress is concerned, but this does not mean that labor's fight to maintain a high wage scale on works relief projects has ended. The battle will be carried to the executive branch when the public works projects are begun.

Prospects of the Black Bill

Those best informed on Capitol Hill incline to the opinion that the Black thirty-hour bill will pass the Senate. On April 6, 1933, the Senate passed the original bill, introduced by Senator Black, by a vote of 53 to 30. There is nothing to indicate a change in Senate sentiments.

In the House, however, the situation will not be the same as in the Senate. The Black bill will be referred to the House Committee on Labor, whose chairman, Representative Connery of Massachusetts, has a bill almost identical to the Black bill. The House Committee will undoubtedly report it.

But when the bill reaches the House it will encounter stiff opposition. The Administration control is much stronger in the House than it is in the Senate and the Administration is opposed to the Thirty-hour week bill. The chances are that the proponents of the bill will not be strong enough to force a vote on it but if they are, the best judges consider it certain that they will be beaten.

A Sample Bill for Class Room Study

In class room study a simple bill combining the provisions of all the important labor bills pending in Congress might be drawn according to the following outline:

Be it Enacted by the Congress of the United States—

Section 1. There is hereby created as an independent agency in the executive branch of the Government a Labor Relations Board, composed of three members to be appointed by the President to consider disputes between employers and employees.

Section 2. The right of employees to organize and to practice collective bargaining is hereby guaranteed.

Section 3. All organizations of employees shall be without the interference or aid of an employer and only organizations thus formed shall practice collective bargaining under the provisions of this Act.

Section 4. The hours of labor in industry shall not exceed 30 hours a week.

Section 5. This Act shall apply to all employers and employees in industry engaged in interstate commerce.

Section 6. On all work under the Works Relief Act, employees shall be paid the prevailing wage for the same work in the locality in which they are employed.

Arguments on Collective Bargaining and the Thirty-Hour Week Summarized

A company union can bargain as effectively as an outside union because:

1—Prompt adjustment of difficulties can be made because of the intimate knowledge by both employer and employee of the actual conditions involved.

2—By confining themselves to their own affairs, company union members are not drawn into the disputes of employees in other lines.

3—Employees are protected against tyranny of minor executives by the right of appeal to the higher executives.

4—Difficulties that may lead to strikes are more easily and promptly adjusted.

5—Company unions protect employers and employees from subservience to the political aims of organized labor leaders.

A company union cannot bargain as effectively as an outside union because:

1—Members of the company union are always subject to the influence of their employers and never have real freedom of action.

2—The history of labor organizations shows that small unions are ineffective because they have no power to enforce their demands.

3—They cannot carry on a successful strike because their funds are always limited.

4—A contract between an employer and an outside union covering a definite period of time insures the proper handling of disputes because the outside union not only protects its members against the employer, but protects the employer against violation of the contract by individual employees.

5—Since individual unions cannot stand alone, support of national labor leaders by all unions is necessary for the protection of small unions.

The thirty-hour week is desirable because:

1—It will divide work among a larger number of employees.

2—It will take the burden of caring for the unemployed off the shoulders of the employed.

3—It will increase the purchasing power of the masses and hence increase the sale of the products of labor.

4—It is essential to establish shorter hours in industry to avoid a permanent dole.

The thirty-hour week is undesirable because:

1—If the average employer is called upon to face the added cost of production that would be caused by the adoption of the thirty-hour week, his margin of profit would be wiped out and he would face bankruptcy.

2—The establishment of a thirty-hour week would not increase employment, since the number of employees who would be thrown out of work by the closing down of those plants which could not bear the extra burden would offset the extra number newly employed elsewhere.

3—The thirty-hour week would not increase purchasing power, since the added production costs would result in a rise in prices to the consumer greater than the rise in the pay scale.

4—A permanent dole can be avoided only by the process of normal and natural competition in industry, which would be retarded by the adoption of the thirty-hour week.

Tracing the Growth of America's Labor Movement

1785—In her book, *The American Labor Movement*, Mary Ritter Beard states that in this year workmen in New York City organized a society to protect themselves against the commercial traders of that period whose policy it was to "buy in the cheapest market and sell in the dearest market."

The merchants would buy immense quantities of goods, either in Europe or in the large American cities. These would be accumulated in warehouses and sold to local merchants throughout the country at prices against which the local manufacturer could not compete. The inevitable result of this mercantile system was to stifle the development of local manufacturer and to keep down local wages. The local manufacturer, in order to compete with cheap products from Europe or from the larger American towns, was forced to reduce wages.

This condition, Mrs. Beard states, was responsible for four important results: the protective tariff policy; efforts of American manufacturers and their employees to increase the quantity and improve the quality of their products; the formation by employees of unions to uphold wages; and the solidifying of workmen into a distinct group to look after their own interests.

1792-94—Definite records of labor organization in America begin with the organization of the shoemakers in Philadelphia.

1799—The first record of "collective bargaining" appeared. The Philadelphia shoemakers appointed "a deputation from the society to wait upon the employers with an offer of compromise." The offer was accepted and the employers appointed a committee to meet with the workers.

1800—Soon after labor organizations were established the "walking delegate" appeared. When a labor organization made up its wage scale a representative of the union was appointed to "walk" around to see the employers. Hence—"walking delegate."

1802—The printers and shoemakers of Philadelphia and the shoemakers of Pittsburgh sent a committee to various employers to confer on wage scales.

1809—When the New York printers submitted wage scales to the employers, the latter replied with an invitation to a conference, at which committees representing both sides met and agreed upon a compromise scale of wages.

Thus the system of collective bargaining was established early in the history of the labor movement in the United States.

1786—The printers of Philadelphia struck for higher wages.

1789—The Master Cordwainers, a branch of shoe manufacturers, organized an employers' association, but their aim was to raise prices rather than to reduce or oppose the rise of wages. Later, however, employers organized to oppose the demands of trade unions.

1799—The shoemakers of Baltimore and Pittsburgh struck for higher wages against the competition of Lynn, Massachusetts, a center of cheap shoes and cheap labor.

Strikes in these early days were conducted without disturbance. The strikers simply staid away from work until one side or the other gave in or a compromise was reached.

1806-1814—One of the earliest instances of strike violence occurred when, during a shoemakers' strike in Philadelphia "scabs were beaten and employers intimidated by demonstrations in front of the shop or by breaking shop windows." The use of the word "scab" in that period indicates that this term came into being early in American labor history.

Controversies between trade unions and employees reached the courts in Philadelphia (1806), New York (1809) and Pittsburgh (1814). The legal point involved was whether, in the absence of an American statute, either Federal or state, covering the question, the common law doctrine of England covering conspiracy against the public applied to the case of combinations of workmen to raise wages.

It was at this point, according to Mrs. Beard, that the labor question first entered American politics. Of six legal cases during this period, four were decided against the workmen, one in favor of them, and one ended in a compromise.

The Federalists, or followers of Alexander Hamilton, took the side of the employers on the ground that labor strikes and demands for higher wages tended to interfere with the development of American industry, then struggling to establish itself in competition with foreign industry. Attorneys for employers argued in the courts that by raising the costs of manufacture, the labor combinations would drive manufacturing out of the cities in which they operated.

The followers of Thomas Jefferson took the side of labor, attacking the common law doctrine that combinations of workmen were in restraint of trade and therefore illegal. They stressed the right to a fair living wage, the right of labor to organize to obtain it, and the personal liberties of the strikers under the Constitution.

Mrs. Beard observes that the result of the legal and political labor controversies of this period was that when strikers claimed their personal liberties under the Constitution, public sentiment supported them. When they were charged with raising the cost of manufactured articles to the consumer by their demands for higher wages, public opinion was against them, and was also against them when they employed coercive methods.

1827-28—In 1827, during the carpenters' strike for a 10-hour day, organized workmen in Philadelphia formed the "Mechanics Union of Trade Associations," and in May 1828, this organization nominated candidates for the Philadelphia city council and for the Pennsylvania legislature. Many of these candidates were endorsed by either the Jacksonian Democrats or by the Federalists and were elected.

Labor organizations in New York, Albany and Boston followed the example of Philadelphia and elected candidates to local offices. The movement spread and in some sections demands were made for a national labor party along radical lines. The political organizations, however, were for the most part confined to local and state politics. The demands varied, but a 10-hour working day was the main issue.

1834-36—What appears to be the first communistic or "share-the-wealth" movement in America was started by Thomas Skidmore, a mechanic, in New York. Skidmore advocated the selling at auction of all private property, the proceeds to be divided among the people, and the common ownership of all land.

The lack of general success that marked these political movements caused labor leaders to turn from political to industrial action.

By 1836 trade unionism had increased tremendously throughout the industrial sections of the country. Its growth was accompanied by strikes and legal battles. Industrial prosperity and prices rose.

1837—This was the year of "the Great Panic." England was in the midst of an industrial depression and called for the payment of its loans to American banks. During the year more than 600 American banks failed. The northern cotton mills closed because they could not sell their products. Working men and women were thrown out of work and the unions suffered in consequence. Members could not pay their dues and the leaders could not count on support to uphold the wage scale since hungry workers were eager to take employment at reduced wages. These conditions caused labor to turn again to politics.

1840-50—In New York, labor candidates for public office defeated Tammany candidates. Immigration and public lands were the issues of this period. The influx of foreign labor caused alarm and a native American party was formed to oppose immigration. Influenced, to some extent, by radical Germans who came to America after the revolution of 1848, labor joined the Agrarian League, formed to advocate the parcelling of public lands in small lots, but did not remain in the movement for long.

Prominent intellectuals of this period organized the Utopian Socialist Society for the development of communistic colonies. Labor organizations did not, however, respond to their appeal.

1850-60—The discovery of gold in California stimulated industry and labor unions flourished until 1857, when another panic came, accompanied by the same conditions as those prevailing in 1837.

1860-65—The outbreak of the Civil War brought wealth to those who made contracts to supply war materials, but the manufacturers were in keen competition and, while prices went up, wages did not at first keep pace with them. Labor leaders increased their efforts at organization and between 1863 and 1866 the number of unions was trebled.

In 1864 the rise in wages and the increasing strength of the unions caused Congress to pass an Act authorizing persons to make contracts in foreign countries to import laborers and bind them to work for a term until their passage was repaid.

1866-72—The movement for a national labor organization, which had previously failed, again gathered force. In 1864 and in 1866 a labor assembly organized the National Labor Union. At the same time an international labor congress met at Geneva, and organized an international body. Neither met with success. Discussions between the trade unionists on the one side and the anarchists and socialist followers of Karl Marx on the other disrupted the European movement, while differences between socialists and trade unionists caused the failure of the American movement.

1872-81—This period is characterized by Mrs. Beard as a "Decade of Panics, Politics and Labor Chaos." Four big national craft unions—the iron moulders, machinists, coopers and typographers, organized "The Industrial Brotherhood" as a "purely industrial association" pledged to keep itself free from political parties. But the panic of 1873 brought nation-wide unemployment and all labor unions suffered in consequence. Strikes broke and all over the country, most notably in Pennsylvania, where extreme violence occurred, ten ring leaders of the "Molly Maguires," terrorists of the Pennsylvania coal fields were arrested, convicted and executed and fourteen others were sent to prison.

Railroad strikes assumed alarming propositions resulting in the destruction of property and the calling out of troops. Labor secret societies were formed and labor-political organizations sprang up. Efforts were made to form a farmer-labor party, but were unsuccessful. With the return of prosperity in 1879, when prosperity returned, labor again turned away from political action to industrial action.

1881-1885—At a meeting held at Terre Haute, Indiana, in 1881, attended by representatives of the leading existing labor unions plans were laid for the organization of a national body. Later in the same year, delegates met at Pittsburgh and formed the Federation of Organized Trades and Labor Unions. This organization did not prosper but while it was in existence the foundation was laid for the formation of the American Federation of Labor. At the convention of 1883, Samuel Gompers was elected chairman of the organization.

1886—Following a preliminary meeting in Philadelphia labor leaders called a convention to meet at Columbus, Ohio, in December.

It was at the Columbus meeting that the American Federation of Labor was formed by the amalgamation of the unions belonging to the Federation of Organized Trades and Labor Unions, and other labor unions.

Samuel Gompers was elected the first President of the American Federation of Labor and held that position continuously, with the exception of one year, until his death in 1924. He was succeeded by William Green, the present incumbent.

Outside the A. F. of L., the principal labor organizations are the four Railroad Brotherhoods—locomotive engineers, conductors, firemen and enginemen, and trainmen. The Amalgamated Clothing Workers recently affiliated with the A. F. of L.

In 1905 the Industrial Workers of the World was organized. Its radical conduct during the World War led to the passage of a number of severe laws against sabotage. Changes in large scale farming methods, added to restrictive laws, resulted in the disappearance of the I. W. W. as an important factor in labor affairs. Other social unions have sprung up in recent years, but may be classified more as Communist political organizations than as trade unions.

Labor Legislation in the Seventy-fourth Congress

1. Organized Labor's Program

On December 12, 1934, William Green, President of the American Federation of Labor made the following announcement of the legislation labor would ask Congress to pass at this session:

"Labor will petition Congress to enact the following legislation:

"First: A thirty-hour week measure similar to the Black Bill which was favorably acted upon by the United States Senate during the Seventy-Third Congress. Labor offers the thirty-hour week bill as a partial remedy for unemployment. Only through a reduction in the number of hours worked per day and per week, so that the amount of work available may be equitably distributed, can the millions of workers now idle be accorded an opportunity to work and earn a decent living.

"Second: An industrial Disputes Act patterned after the Wagner Disputes Act, outlawing company unions and providing for the continuation of the National Labor Relations Board.

"Third: The extension of the National Recovery Act. Labor will propose the extension of the National Recovery Act, retaining therein Section 7-a providing for collective bargaining, the abolition of child labor, the elimination of unfair trade practices, and the equal, adequate representation of Labor with industry upon code authorities established by industrial codes of fair practice. Labor will also seek to secure equal representation with industry in the administration of the National Recovery Act. Labor will oppose any relinquishment of governmental supervision and control over the development, application and administration of industrial codes of fair practice.

"Fourth: Unemployment insurance and old age pension legislation. Labor will be prepared to offer such amendments as may seem necessary to social justice legislation formulated and approved by the President's Committee on Economic Security.

"Fifth: The restoration of the wage reduction by January 1st, which was imposed upon Federal employees by action of the Seventy-second session of Congress. It is the purpose and intention of the American Federation of Labor to make a drive for prompt, immediate action upon this measure. The economic, social and industrial facts call for an immediate restoration of the pay taken from Federal employees.

"While these legislative proposals will be considered as the major part of Labor's federal legislative program, there are other measures of great importance which will be supported by Labor and its friends. It is the intention and purpose of the American Federation of Labor to utilize its organized instrumentalities in mobilizing the more than thirty million wage earners with their friends, in support of this legislative program."

2. The Black Thirty-Hour Week Bill

On January 4, 1935, Senator Hugo L. Black, Alabama, Democrat, introduced a thirty-hour week bill, S. 87, which was referred to the Committee on the Judiciary. The Committee held hearings and, on March 18, ordered the bill reported. As the DIGEST goes to press the majority and minority reports are still in process of preparation.

On January 3, 1935, Representative William P. Connery, Jr., Massachusetts, Democrat, introduced in the House, H. R. 2746. The Connery bill is practically identical to the Black bill.

Provisions of the Black-Connery Bills

The Black and Connery bills provide: (1) No articles or commodities shall be shipped in interstate commerce nor purchased by the United States Government which was produced or manufactured in any establishment in which any person is employed more than 5 days in any week or more than 6 hours in any day. Executives and their immediate clerical assistants are excepted; (2) No Governmental agency shall make or renew a loan to any employee, individual or company, in whose establishment employees work more than 30 hours a week; (3) Every Code under the National Industrial Recovery Act shall contain a 30-hour week provision; (4) No employer subject to the provisions of the Act shall reduce the daily, weekly or monthly wage rate until opportunity has been given his employees for collective bargaining.

The duration of the proposed Act is limited to two years after it goes into effect.

3. Section 7-a of the N. I. R. A.

PRACTICALLY all of the labor disputes arising under NRA have arisen out of interpretations of Section 7-a of the National Industrial Recovery Act, which covers collective bargaining and the right of employees to organize. Conflicing decisions in suits involving Section 7-a have been handed down in the lower Federal Courts, but the Supreme Court has not, as yet, reviewed any of these decisions, although there have been appeals to that body.

The full text of Section 7-a follows:

7 (a) Every code of fair competition, agreement, and license approved, prescribed, or issued under this title shall contain the following conditions: (1) That employees shall have the right to organize and bargain collectively through representatives of their own choosing and shall be free from the interference, restraint, or coercion of the employers of labor, or their agents, and the designation of such representatives or in self-organization or any other concerted activities for the purpose of collective bargaining or their mutual aid or protection; (2) That no employee, and no one seeking employment, shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing; and (3) That employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment, approved or prescribed by the President.

Labor maintains that Section 7-a has failed to accomplish what labor considered its true purpose and is urging that it be strengthened. The Senate Committee on Finance is holding hearings on NRA. This may be effected in a bill extending NRA, as requested by President Roosevelt, or by the passage of the Wagner Labor Disputes bill.

4. The Wagner Labor Disputes Bill

THE Wagner Labor Disputes Bill, S. 1958, was introduced on February 21, by Senator Robert F. Wagner, New York, Democrat, and was referred to the Committee on Education and Labor. Hearings were held and the committee is at work on preparation of the final draft of the bill.

The Wagner bill is a long, comprehensive measure, with many technical provisions. Its definite aims, however, are the following:

1—To "promote equality of bargaining power between employers and employees" by outlawing the "company union."

2—To "diminish the causes of labor disputes" by abolishing what labor considers to be "unfair practices," such as interference with the right to organize, etc.

3—The creation of a National Labor Relations Board to settle disputes between employers and employees.

The Wagner bill is the most comprehensive labor measure before Congress. If passed it will cover the demands of labor concerning the operations of an extended NRA, or take care of labor disputes and collective bargaining in the event NRA is not continued.

5. The "Prevailing Wage" Controversy

WHEN the $4,800,000,000 Works Relief Bill was passed by the House and sent to the Senate, it was referred to the Committee on Appropriations. Senator Patrick H. McCarran, Nevada, Democrat, a member of the committee, offered, in a caucus of the Democratic members of the committee, an amendment providing that workers on any projects under the Works Relief Bill should receive not less than the prevailing wage for work in the locality.

When the McCarran amendmeat was put to a vote in the full committee it lost. But when it was offered as an amendment to the Works Relief Bill on the floor of the Senate it was adopted by a vote of 44 to 43. This forced the Administration leaders to recommit the bill to the Committee on Appropriations, which struck the McCarran amendment out. The bill was again reported and, on March 15, Senator McCarran offered his amendment on the floor for the second time. The vote was reversed and the McCarran amendment was defeated by a vote of 50 to 38.

President Roosevelt Opposes the McCarran Amendment

ON February 21, President Roosevelt sent to Senator Carter Glass, Virginia, Democrat, ranking majority member of the Appropriations Committee, who had charge of the Works Relief Bill on the Senate floor, the following letter, which Senator Glass read into the Record:

THE WHITE HOUSE,
Washington, February 21, 1935.

DEAR SENATOR GLASS: In response to your telephonic inquiry, I am very glad to repeat what I told you and several members of your committee last week.

Every action of the administration during the past 2 years has been directed, first, to the objective of raising wage scales which from the point of view of public interest, were set at unconscionably low levels; and, secondly, we have constantly followed the objective of preventing reductions in existing wage scales.

So much for that, except that I might add that both of these objectives are constantly before us and will continue so to be.

As you are aware, the practical operation of the principle of collective bargaining, plus the operation of the National Industrial Recovery Act, have in the overwhelming majority of cases of organized and unorganized labor either raised wages or prevented any reduction in wages.

I object to and deny any assertion that the payment of wages to workers now on the relief rolls at less than the prevailing rate of wages may, under some theory, result in a lowering of wages paid by private employers. I say this because it is an obvious fact—first, that the Federal Government and every State government will act to prevent reductions; and, secondly, because public opinion throughout the country will not sustain reductions.

I have enough faith in the country to believe that practically 100 percent of employers are patriotic enough to prevent the lowering of wages. In this thought they will have the full support of the Government.

I think that the record of this administration has demonstrated that in the administering of this legislation I will not permit anything to be done that will result in lowering the wage scale of the Nation.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

Full Text of the McCarran Amendment

SEC. 6. The President is authorized to fix the rates of wages of all persons compensated out of the funds appropriated by this joint resolution and may fix different rates for various types of work, which rates need not be uniform throughout the United States.

In the event the President, or such official or agency of Government as he may select, shall determine after an investigation that the rate of wages paid is affecting adversely or is likely to decrease the prevailing rates of wages paid for any work of a similar nature in any city, town, village, or other civil division of the State in which the work is located, or in the District of Columbia, the President, or the official or agency designated by him, shall immediately fix the rate of wages at an amount not less than the prevailing rate of wages paid for work of a similar nature in such locality.

Any and all contracts which may be entered into under the authority contained in this resolution shall contain stipulations which will provide for the accomplishment of the purposes of this section.

Full Text of the Russell Amendment

Following the defeat of the McCarran amendment, the Senate, on March 15, adopted by a vote of 83 to 2, an amendment offered by Senator R. B. Russell, Georgia, Democrat, the text of which follows:

The President shall require to be paid such rates of pay for all persons engaged upon any project financed in whole or in part, through loans or otherwise, by funds appropriated by this joint resolution, as will, in the discretion of the President, accomplish the purposes of this act, and not affect adversely or otherwise tend to decrease the going rates of wages paid for work of a similar nature.

The President may fix different rates of wages for various types of work on any project, which rates need not be uniform throughout the United States: *Provided, however,* That whenever permanent buildings for the use of any department of the Government of the United States, or the District of Columbia, are to be constructed by funds appropriated by this joint resolution for which rates of wages are now determined in accordance with the provisions of any law of the United States or any code, the President shall fix the rate of wages upon such public buildings in accordance with such laws and codes.

▼

The Present Law Providing for Prevailing Wages on Federal Contracts

THE present law providing for the payment of "prevailing wages" for work on Federal Government buildings was approved March 3, 1931. The original bills, were introduced in the Senate by Senator James J. Davis, Pennsylvania, Republican, and in the House by Representative Robert L. Bacon, New York, Republican.

Following is the text of the Act:

That every contract in excess of $5,000 in amount, to which the United States or the District of Columbia is a party, which requires or involves the employment of laborers or mechanics in the construction, alteration, and/or repair of any public buildings of the United States or the District of Columbia within the geographical limits of the States of the Union or the District of Columbia, shall contain a provision to the effect that the rate of wage for all laborers and mechanics employed by the contractor or any subcontractor on the public buildings covered by the contract shall be not less than the prevailing rate of wages for work of a similar nature in the city, town, village, or other civil division of the State in which the public buildings are located, or in the District of Columbia, if the public buildings are located there, and a further provision that in case any dispute arises as to what are the prevailing rates of wages for work of a similar nature applicable to the contract which cannot be adjusted by the contracting officer, the matter shall be referred to the Secretary of Labor for determination and his decision thereon shall be conclusive on all parties to the contract: *Provided,* That in case of national emergency the President is authorized to suspend the provisions of this act.

SEC. 2. *Effective date.*—This act shall take effect 30 days after its passage but shall not affect any contract then existing or any contract that may thereafter be entered into pursuant to invitations for bids that are outstanding at the time of the passage of this act.

Supporters of the McCarran Amendment argued that this Act does not sufficiently cover public works as provided for under the Works Relief Bill because its provisions may be set aside by the President in case of national emergency, and because some of the funds provided by the Works Relief Bill will be turned over to

the states for expenditure on non-Federal projects. Thus the United States will not be party to the building contracts involved.

Twenty-three states now have "prevailing wage" laws, and the supporters of the McCarran Amendment argued that labor complications would inevitably arise unless the "prevailing wage" proviso were written into the Works Relief Bill.

Existing Federal Agencies for Dealing With Labor Disputes

At present there are a number of Government agencies for the settlement of labor disputes.

Under the Department of Labor is the United States Conciliation Service, which is authorized to seek the peaceful settlement of disputes between employers and employees, but which has no mandatory powers.

The United States Board of Mediation, an independent board, considers and settles disputes between the railroads and their employees.

Shortly after the passage of the National Industrial Recovery Act the President created the National Labor Board, with Senator Robert F. Wagner, N. Y., Democrat, as chairman.

Later this board was abolished and the National Labor Relations Board set up in its place, with Francis R. Biddle as chairman.

Under NRA is the Labor Advisory Committee, with Dr. Leo Wolman as chairman.

Organized labor has been extremely critical of the rulings of the latter two organizations. These will be superseded by a National Labor Disputes Board if the Wagner bill becomes law.

The International Labor Office

The declared purpose of the International Labor Office, or I.L.O., as it is usually called, is to obtain concerted action by the nations for the world-wide improvement of labor conditions.

The I.L.O. has been attacked from time to time in Congress as an agency of the League of Nations. The charge has been denied by its supporters. It maintains offices in Washington and other leading capitals and publishes reports and studies on labor conditions throughout the world.

Some Labor Terms Defined

Closed Shop—A manufacturing or other plant in which only union employees were permitted to work. In other words, a shop closed to all but union members.

Collective Bargaining—The bargaining that takes place between employers and employees acting in groups.

Organized labor maintains that genuine collective bargaining exists only when the employees are represented by a union organized by employees independent of any influence from the employers.

Many industrial leaders insist that the employees of a company can organize their own union within the company and effectively make use of collective bargaining.

Craft Union — A union organized by crafts, as the American Federation of Labor, which is a federation of various more or less independent unions such as the machinists union, the cigar makers union, the metal workers union, the bricklayers union, etc.

Horizontal Union—See *Craft Union.*

Industrial Union—A union organized by industries instead of by crafts. The United Mine Workers is perhaps the outstanding industrial union. It includes not only actual miners, but all others who work in and about mines —machinists, carpenters, engineers, etc.

Labor Agent—The representative of a union. He may be the representative of a local chapter of a national union, or he may be the representative of the national union sent to organize local chapters, or to aid local chapters.

Local—The term applied to an individual chapter or unit of a national union.

Open Shop—A shop which employs either union or non-union employees, but which does not deal with the unions in the fixing of conditions of labor, wage scales, etc.

Scab—A non-union worker who takes the place of a union worker when the latter is on strike.

Trade Union—A union organized by trades or crafts. See *Craft Union.*

Vertical Union—See *Industrial Union.*

Walking Delegate — The representative of a labor union who negotiates with employers in behalf of a union. Also an organizer of chapters, branches, or "locals" of a union. See *Labor Agent.*

Works Council—Another name for Company Union.

President Roosevelt's Views on N. I. R. A. and Labor

On February 20, President Roosevelt sent to Congress the following message urging the continuance of NRA in which he gives his views on the labor question involved.

To the Congress of the United States:

On May 17, 1933, I asked the Congress to "provide for the machinery necessary for a great cooperative movement thoughout all industry in order to obtain wide reemployment, to shorten the working week, to pay a decent wage for the shorter week, and to prevent unfair competition and disastrous overproduction."

The National Industrial Recovery Act was passed by the Congress in June 1933, and the administrative machinery to carry it into effect was set up during the succeeding month.

It is worth remembering that the purpose of this law challenged the imagination of the American people and received their overwhelming support. Enforcement during the earlier life of the act was not a problem which gave the country concern, for the very good reason that public opinion served as an enforcing agency which potential violators did not dare to oppose. The immediate objective was to check the downward spiral of the great depression, and it met this objective and started us on our forward path. It is now clear that in the spring and summer of 1933 many estimates of unemployment in the United States were far too low, and we are therefore apt to forget today that the National Industrial Recovery Act was the biggest factor in giving reemployment to approximately 4,000,000 people.

In our progress under the act the age-long curse of child labor has been lifted, the sweatshop outlawed, millions of wage earners have been released from the starvation wages and excessive hours of labor. Under it a great advance has been made in the opportunities and assurances of collective bargaining between employers and employees. Under it the pattern of a new order of industrial relations is definitely taking shape.

Industry as a whole has also made gains. It has been freed, in part at least, from dishonorable competition brought about not only by overworking and underpaying labor but by destructive business practices. We have begun to develop new safeguards for small enterprises; and most important of all, business itself recognizes more clearly than at any previous time in our history the advantages and the obligations of cooperation and self-discipline, and the patriotic need of ending unsound financing and unfair practices of all kinds.

Hand in hand with the improving of labor conditions and of industrial practices we have given representation and consideration to the problems of the consuming public. And it is reasonable to state that with certain inevitable exceptions in the case of individual products there has been less gouging in retail sales and prices than in any similar period of increasing demand and rising markets.

The first codes went into effect in July 1933. Since then approximately 600 have been added. The average age of these codes of fair competition which have been approved—90 percent of the coverable employments were under code—is less than 11 months, a brief time indeed for the definite achievements already made. Only carping critics and those who seek either political advantage or the right again to indulge in unfair practices or exploitation of labor or consumers deliberately seek to quarrel over the obvious fact that a great code of law, of order, and of decent business cannot be created in a day or a year.

We must rightly move to correct some things done or left undone. We must work out the coordination of every code with every other code. We must simplify procedure. We must continue to obtain current information as to the working out of code processes. We must constantly improve a personnel which, of necessity, was hastily assembled but which has given loyal and unselfish service to the Government of the country. We must check and clarify such provisions in the various codes as are puzzling to those operating under them. We must make more and more definite the responsibilities of all of the parties concerned.

This act, which met in its principles with such universal public approval and under which such great general gains have been made, will terminate on June 16, next. The fundamental purposes and principles of the act are sound. To abandon them is unthinkable. It would spell the return of industrial and labor chaos.

I, therefore, recommend to the Congress that the National Industrial Recovery Act be extended for a period of 2 years.

I recommend that the policy and standards for the administration of the act should be further defined in order to clarify the legislative purpose and to guide the execution of the law, thus profiting by what we have already learned.

Voluntary submission of codes should be encouraged, but at the same time, if an industry fails voluntarily to agree within itself, unquestioned power must rest in the Government to establish in any event certain mimimum standards of fair competition in commerical practices, and especially adequate standards in labor relations. For example child labor must not be allowed to return; the fixing of minimum wages and maximum hours is practical and necessary.

The rights of employees freely to organize for the purpose of collective bargaining should be fully protected.

The fundamental principles of the antitrust laws should be more adequately applied. Monopolies and private price fixing within industries must not be allowed nor condoned.

"No monopoly should be private." But I submit that in the case of certain natural resources, such as coal, oil and gas, the people of the United States need Government supervision over these resources devised for the purpose of eliminating their waste and of controlling their output and stabilizing employment in them, to the end

Continued on page 128

Should the Prevailing Wage Be Paid On Public Works Projects?

PRO

An explanation of the "Prevailing Wage Controversy" will be found on page 105

CON

by Hon. James J. Davis

U. S. Senator, Pennsylvania, Republican

★ *Senator Davis, an active labor union official before coming to the Senate, maintains that low pay on Government work forces low pay in private industry.*

My own life experience, especially during the period I served as Secretary of Labor, has convinced me that in the community where the prevailing wage of the community was not paid on Government work the wage standards of that community were broken down.

It is impossible to maintain two wage standards, the security standard and the prevailing standard. If a security standard is adopted, it may soon become the prevailing wage.

It is easy to organize the unemployed who are not thinking of wage standards so much as they are methods whereby their families can be fed. The unemployed forget for the time being what they are doing not only to their fellow workmen but to themselves as well. They are breaking down the wages of their fellowmen, and they will ultimately find that they have bartered away their work for a pittance, the security wage.

It is easy for a contractor to bring labor into a community and by paying an insufficient wage make the imported labor thereby become a public charge.

Many employers in private industry would use the security wage level as a club over their own workers and beat down the wage level to the security level.

We will find that we get what we pay for. If the public-works laborer feels that he is being cheated by being discriminated against, he will do some cheating himself. He is pretty likely to give the service he is paid for and no more; that is, he is likely to take 3 hours to do 1 hour's work.

America demands a certain wage, Europe and Asia another. We must maintain a barrier in the form of protective tariff in order to keep the low-wage standards of foreign countries from becoming the wage standards of American workers. We also know that foreign workers cheat because they are paid low wages just as we will find American workers will cheat if they are pressed down to a low-wage standard.

It is not national economy to make a man work for what he feels is less money than he is worth and less money than his fellow workers are receiving for exactly the same kind of work in private industry.

Continued on next page

by Hon. John H. Bankhead

U. S. Senator, Alabama, Democrat

★ *Senator Bankhead denies that a lower pay on Government work will affect private industry and says the payment of the prevailing wage would make relief work too costly.*

I regret that I do not find myself in accord with the conclusions organized labor has reached as to the effect of the President's program in applying what is known as the security wage in the $4,800,000,000 work program for the relief and the betterment of the unemployed who are now upon the direct relief rolls of the Government.

The Committee on Appropriations gave most careful consideration to the resolution and to all its aspects. We were in session for more than 2 weeks, and I think it may be safely stated that more time was given to the consideration of the question than to any other phase of the measure.

I reached the conclusion, after the most careful consideration and deliberation, that the plan which is proposed by the President, which is known as the "security wage scale," would have no injurious effect upon the prevailing wage scale; but, on the contrary, in my deliberate judgment, the adoption of this program will have a tendency to strengthen and better the wage scale.

The program of a security wage scale has been worked out upon the basis of a 6-hour day and a 5-day week, with an average wage scale for that length of time of work so as to give approximately an average of $50 a month to those upon the relief rolls, instead of $24, on the average, which they are now receiving.

If we pay the prevailing wage scale, which is estimated to be around $100 a month, on an average, we must increase the appropriation by more than $2,000,000,000 in order to continue this program over a year, as the administration contemplates doing, and that, of course, would result from staggering employment and from doubling the amount paid out for labor each day, so that we would bring to a termination this program in 6 months, rather than have it continued for a year.

I heard no really serious advocacy of increasing this appropriation by $2,300,000,000, as it is estimated would be necessary in order to operate this plan under the staggering-of-employment system and the payment of prevailing wage scales to all those taken from the relief rolls and given work under the program.

Suppose the appropriation shall not be increased; what will be the situation? The workers on the projects, if the

Continued on next page

PRO

Davis, *Cont'd*

It will be demoralizing to pay the security wage with thousands of unemployed outside every factory gate. The workers who have jobs will be pressed down to low levels under the threat of discharge unless they agree to accept a security standard.

Prior to the passage of prevailing wage law, the Government itself, in allowing contractors to pay low wages on Federal projects, did much to destroy the buying power of the country. Prior to passage of the prevailing wage law contractors used to bid on Federal projects. The bids were high enough to allow contractors to pay the prevailing wage, but instead of doing so they scoured the country for cheap labor. In many instances the wage actually paid was 50 per cent of the prevailing wage. After the job is done many are left in the communities to become public charges.

The prosperity of the country depends upon the welfare and the prosperity of labor. To strike a blow at the welfare of labor in the form of a threat to cut down the wage levels of the country is to deliver a blow at the very foundation of our national economy.

If labor prospers, we have a healthy state; if labor is oppressed and placed on a substandard pittance, we will have suffering both social and economic.

The Federal Government has a special responsibility toward helping to maintain wage levels in industry. When the Government cut salaries of Federal employees, industry followed suit and began wholesale wage cutting. Not only did industry cut wages, but so did other units of government—States, counties, and municipalities.

If the Federal Government takes a step toward penalizing workers with low standards of pay, we cannot hope to see industry taking a reverse stand and pay higher wages which would help restore purchasing power. The theory of recovery, we all agree, is that based on a restoration of purchasing power, and failure to adopt a prevailing-wage amendment is action directly against restoration of buying power of our people.

The opponents of the prevailing wage are sincere in their belief that wages paid workers on public projects would be so low—that is, at a "security" wage level of $50 per month—that workers would be attracted into private industry instead of on public-works rolls; that is, provided, of course, that industry effects some sort of economic recovery.

Just the reverse would be true. If the Government paid a low wage, business would soon force its standard down to that level. The aim of the administration of having industry attract workers would thereby be defeated, because there would be no attraction. Security wages would become prevailing wages.

There is not a bit of question in my mind that these 10,000,000 idle men who are seeking work, crowding around factory gates, if the Government adopts this $50-a-month plan, will be asking their workers to work for similar wages. Let not the Government move in the direction of destroying the buying power of the American people. Let us move in the direction of maintaining and upholding the standard of the American worker, for by doing so we make ourselves prosperous.—*Extracts, see 1, p. 128.*

CON

Bankhead, *Cont'd*

"prevailing wage" were paid, would work only 2½ days a week, or 3 hours a day for 5 days in the week. That, of course, would result in waste in the long drawing out of the completion of projects. It would greatly impair the contract system. It would prevent many contractors from taking contracts, with their overhead, with their machinery and their equipment standing idle for all of the week except 2½ days, or working only 3 hours during those days when they were at work.

The real, crucial question here is whether a security wage scale will bring down the prevailing wage scale in industry throughout the country. That is a subject to which we have given most careful thought, and it seems clear to me for many reasons that it cannot possibly have that effect.

In the first place it is axiomatic that, with a growing demand for labor, with millions of men taken out of the labor pool, there can be no tendency to decrease wages in the normal lines of work. As the number of unemployed increases, the tendency toward a reduction in the wage scale naturally develops and becomes accentuated. But when laborers become scarcer, when they are drawn into work, when they are taken out of the field of distress and dangerous competition, naturally the effect upon the wage scale is to tend to tighten it and strengthen it.

So it seems to me clear that the stimulation of industry, the increased demand for employment in industry, will inevitably prevent any reduction in the prevailing wage scale.

That idea is thoroughly underwritten and guaranteed by the Russell amendment to the joint resolution, which the committee adopted. It is there provided, as we know, that if there is any tendency toward, or if, in fact, there develops, any decrease in the wage scale anywhere in the country, it is the duty of the President to stop it and to put in prompt operation the prevailing wage scale on all this work.

Many of us recall that when the C. C. C. was put into operation there were predictions that the wages paid to the young men in the forests—$25 a month, I believe—would result in a reduction in the prevailing wage scale. That condition did not develop. That opinion upon that subject proved not to work out in practical operation.

We also recall that it was predicted, when the economy act was passed, that it would have the effect of reducing the wage scale in industry. Figures compiled by the Department of Labor and presented to the committee proved that such a fear was unfounded, and that in fact since the economy act was passed there has been a constant and steady, though slow, increase in the average wages paid under the prevailing wage scale. Under the Russell amendment we have an absolute assurance, a positive guaranty, that the prevailing wage scale will not, as a result of this program, be decreased.—*Extracts, see 1, p. 128.*

Would a Thirty-Hour Week Increase Employment?

PRO — CON

The provisions of the Black thirty-hour week bill and its status in Congress is found on page 107

by William Green

President, American Federation of Labor

★ *President Green urges the 30-hour week as a means to absorb the unemployed, and maintain industrial stability.*

OUR problem of unemployment must be solved. No other question of national policy, whether political, social or economic, must be permitted to obscure this major issue until it is definitely disposed of. It can be disposed of not through half measures but only through courageous and decisive action, jointly undertaken and carried to conclusion by government, management and labor.

The 11 million unemployed do not represent the whole of the vast numbers who are affected by unemployment and its consequences. The failure of our industrial system to provide jobs for these 11 million throws on public relief some 18 million persons and the number is growing larger. Support of this army of those denied an opportunity to earn a living, cannot be continued indefinitely. While the moral degradation of the dole is sapping the sources of individual initiative and the enterprise of these millions of Americans, public credit is being drained by the unsupportable load of unproductive expenditures.

Our economic organism cannot function normally as long as such a substantial portion of the body remains totally paralyzed. The disease is too dangerous and too widespread to be treated merely with palliatives and anaesthetics. It must be cured.

The cure proposed by the American Federation of Labor is the adoption of a work-week which will absorb the unemployed, assuring wage-earners the maintenance of their incomes at previous levels. The proposal rests on two fundamental principles: First, that genuine recovery is impossible unless achieved through the normal channels of production; and, second, that industrial stability can be realized only through a broad stabilization of employment and the assurance of purchasing power adequate to initiate and sustain increased production of wealth.

Recovery and reform cannot be separated. Unbalance in our economic system is of such a degree that automatic recovery is impossible. Thirty hours is both a reform and a recovery proposal.

Founded upon these principles, the thirty-hour week program will achieve the following results:

(1) Through the shortening of hours to thirty per week, it will bring wage-earners now without work into our normal business organization;

(2) Through maintaining existing earnings, and plac-

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by Neil Carothers

Professor of Economics, Lehigh University

★ *Professor Carothers argues that the adoption of a 30-hour week will defeat its purpose and lower the standard of living by reducing production.*

THE present government of this country is strangely like the man in the hospital who was asked by the doctor why he had jumped through the plate-glass window. He replied through his bandages that he could not remember, but it had seemed like a good idea at the time. Uncle Sam is becoming a chronic window jumper, and the official explanation that it looked like a good idea at the time is beginning to resound over the land.

During this session of Congress there is going to be a violent, organized political effort to force this nation to jump through another plate-glass window. This time it is the 30-hour week. The discussion of the measure will be protracted. There will be much oratory about social justice, about removing the burden of toil from the masses, about human life being more sacred than profits. And not one word of this will have the remotest connection with the proposal for a legal 30-hour week. The thought occurs that the men in Congress who really have the nation's welfare at heart might be interested in a very brief and simple statement of the economic facts about this proposal.

It should be said in advance that there is no economic issue more complex and obscure than this matter of the hours of labor. The trained economist hesitates to speak categorically about it. It is only some Senator or Representative who knows exactly what will happen when some major operation on the delicate industrial body is performed by Congress. But scientific analysis, the history of economic practice and plain common sense unite to give the economist a certain opinion about this project of the 30-hour week.

Let us start with some very elementary economics, such as we insist that our beginning college students shall learn before they are permitted even to hear about applied governmental economics. A nation has just three productive assets. There is, first, the land, with its resources in fertility, minerals and vegetation. There is, secondly, the capital equipment which the nation has created, in the form of buildings, machines and apparatus of many kinds. And, thirdly, there is the labor of its people. These three —land, labor and capital—are organized into a gigantic productive enterprise. Out of the product of this giant combination comes the living of the people, the returns to labor, to the owners of capital and to the owners of

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Green, *Cont'd*

ing effective purchasing power in the hands of those who have been deprived of incomes through unemployment, it will increase total purchasing power;

(3) By releasing a tremendous volume of pent-up consumers' demand, it will stimulate industrial production in business activity;

(4) By giving unemployed workers jobs in our normal industries and by providing for wage maintenance, it will give the wage-earners that security which they now lack;

(5) By stimulating normal business activity, it will release the flow of credit in private business from the normal consumer, who constitutes the ultimate source of credit;

(6) It will provide material means for higher standards of living for the American people and make effective new and widespread demand for goods and services.

The failure on the part of private industries to achieve a substantial reduction in unemployment brings out the full import of the grave national emergency underlying the present situation. Our proposal is designed to meet this emergency situation.

The opposition to 30 hours follows historical precedent. People who oppose the 30-hour week on the claim that a reduction in hours of work will mean a great decrease in the volume of production, are repeating arguments which were made one hundred years ago against the establishment of the 10-hour day, and fifty years ago against the 8-hour day. These arguments were made and are now made on the assumption of a static society—an assumption which is false, as a glance at history will show. For more than a hundred years there has been a movement in this country for a shorter work week. The fight for the 30-hour week is the present phase of this century-old movement.

Reductions in hours of work, either by legislative, administrative or voluntary action, have been put into practice in a number of countries as a measure designed to reduce unemployment or to keep pace with technical progress to make it possible for workers to share in its benefits.

Australia, Canada, Germany, Great Britain, Italy, France and numerous smaller countries have acted to reduce hours of work through legislative action. The general effect has been to spread the available employment and purchasing power among a larger number of workers. In a number of countries, such as the Netherlands and Switzerland, administrative action has been taken, with marked success to restrict overtime permits or exemptions during the period of emergency.

The Report of the Director to the International Labour Office, covering the year 1933, states that the direction in all countries surveyed is quite definitely toward regulation of hours of work, not only as a temporary alleviation for depression conditions, but as a necessary measure for controlling our modern industrial system so that it may best contribute to our economic as well as social welfare.

There are two ways in which to judge the social import of the thirty-hour week: First, its effect as a remedy for the greatest social evil we have ever known—the unem-

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land. If the total product is large, the standard of living is high. Wages come out of this product. There is no other source.

The shares of the product that go to the three partners are determined by very complex forces, but in general they are determined by the relative scarcity of the three factors. If land is very scarce and labor is very plentiful as in Ireland, rents are very high, relatively. In China there is much land but the number of laborers is enormous, and the scarcity of capital makes the total product small. The Chinese hordes have a living standard that we would consider unfit for animals. In any event, the share of labor is set by automatic forces of nature. It cannot be increased except by greater total production relative to the number of laborers. Imagine our economic planners taking over China, where men work 12 hours a day for less than 2 cents an hour, and setting up an N. R. A. with a 40-hour work and a wage of 50 cents an hour!

With a given set-up of land, labor and capital, as in America, the wage level and the standard of living depend on the utilization of these three factors. Whatever reduces the productivity of any one of them reduces the product and reduces wages. That is all there is to it. You can solemnly propound fool theories, you can talk glibly about "sharing the work," you can believe in impractical schemes for "absorbing the unemployed"; but this cold fact still stares you in the face. It has been a fact a long time. The Roman Empire collapsed when militarism absorbed too much industrial labor. The medieval guild system blew up when the honest burgeomasters established their own N. R. A. and restricted production and employment.

It is this simple fact that the defenders of A. A. A. have found so embarrassing. There may have been some justification for giving the farmers a dole, but the proposition that you can help the country by restricting production defies economics. It is a devastating thought that the fearful costs of relief are partly due to the artificial reduction of foodstuffs. It is this simple fact about production that puts to rout the whole crowd of amateur economists who have been misleading government and labor with talk about "overproduction" and "defective consumer power" and an "era of plenty." It is a reflection on journalism in America that the findings of two excellent books recently published by the Brookings Institution should have created widespread editorial surprise. These two books merely demonstrated statistically what economists have been teaching for years. It is this simple fact of economics that made technocracy so ridiculous.

The fundamental truth that you cannot help labor by reducing production is the basic fact in this 30-hour week matter. If the average work week in normal times is 44 hours, then the national dividend is simply the product of 44 hours of labor applied to our land and capital. Cut this work week to 22 hours and you destroy the American standard of living. Cut it again to 11 hours and our civilization disappears. Cut it once more to 5½ hours, and death sweeps away the population. But you say, this is a proposal to cut to 30 hours. Exactly. It

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ployment of millions of our population, and the inevitable degeneration of those millions from unemployed to unemployable if unemployment is prolonged. Second, its more positive effect as a means of giving the people of this country the kind of life to which any human being has a right.

Our immediate problem is to provide work. Desperate social illnesses must be met not by mere palliatives, but by correctives comparable to the need. The thirty-hour week will put millions of men and women to work; it will restore the self-respect of those men and women; it will give them confidence in themselves, in their future and in their country; it will fulfill the original purpose of the National Recovery Program.

This does not mean that the 30-hour week is merely a gigantic share-the-work movement. As such, it would lose its fundamental value as a recovery and a reform measure. Wages and hours of work must be fixed at the same time, one in relation to the other. The 30-hour week presupposes that earnings will be maintained at their present weekly, monthly, or yearly level, despite the reduction in hours. The workers must not be asked to continue to bear the burden of unemployment. Nor must the 30-hour bill be looked upon as only a relief measure. It seeks more equitable distribution of income. It is a plan to bring about basic readjustments in our social and economic order.

With the increased leisure which would come with the adoption of the 30-hour week, and with the increased purchasing power which would come from the maintenance of earnings, the workers would have time and money to function as consumers of the products of industry.

Reduction in the hours of work means that less time will be lost because of sickness, accidents and fatigue. There is ample evidence that as hours of work increase, both the severity and the frequency of industrial accidents increase. Increased leisure means increased demand for education and for recreation; it means that workers have time and opportunity to learn one job, or even more than one, so that they are protected in their working life as they can never be while they are unskilled. Reduction in the hours of work will give millions of people an opportunity to make up, in some measure, the losses they have suffered through the depression—losses in education, in recreation, in training, in living.

Insecurity of employment has grown enormously in the past thirty years, with the introduction and development of mass production in industry. This insecurity has been further increased by the depression. The rate of labor turnover went up very rapidly in post-war, as compared with pre-war years. In one major industry, that of the manufacture of automobiles, 1933 was one of greater fluctuation in employment than any year since 1923. Instability and uncertainty of employment have social and economic implications of the gravest consequence. Socially and economically our nation would be better off if employment were stabilized and workers given a feeling of security in their work and in their income. The adoption of a shorter work week for all industry would go a long way toward bringing about

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will have the same starvation tendency, but it will not go quite so far.

We could drop the discussion at this point. But the matter does justify some refined analysis. The hours of labor in mechanical industry 50 years ago were 60 hours a week. A hundred years ago laborers who talked of a future 10-hour day were regarded as dangerous radicals. In the earlier times men worked from sun-up to sundown. One of the glorious facts of American history is the slow but relentless reduction in the hours of labor. There is no economic historian whose heart has not been stirred in pity by the annals of the child, woman and man workers in the time of Robert Owen.

What has caused this blessed improvement? It was not the kind-heartedness of capitalists. As a class capitalists have been quite as blind to economic truth as labor leaders. A vice president of the United States Steel Corp. years ago stated that the 12-hour day then prevalent made men old at 40. But Judge Gary reported that the steel industry could not afford to reduce hours. It was not the labor unions. The hours of labor were going down steadily for 50 years before the American Federation of Labor was born and they have gone down rapidly in wholly unorganized lines. It was not legislation. There has never been in American history any general law reducing the hours of labor in private industry and there has been no Government pressure until N. R. A's blind excursion into the field.

It was the operation of economic forces that reduced the hours of labor. The most striking feature of our modern capital equipment is its all but unbelievable productivity. The power loom and steam engine of the New England of a century ago were ludicrously inefficient, but they so surpassed hand work that they built cities in a generation. This productivity of capital has been an accelerating marvel. And with every increase in output the nation has had a choice to make. It could take this increased production in a higher standard of living, or in increase of population, or in shorter hours. This nation divided it among all three. It developed a standard of living that is the envy of other peoples. By an extraordinary birth rate and a reckless immigration policy it had a population growth unknown before. And steadily, in all lines, it reduced the hours of labor.

But this choice among three options is not accidental nor arbitrary. In the absence of Government interference or labor union monopoly, the choice is itself determined by immutable economic forces. This involves some rather tricky economic analysis, and it may well be that the legislator who has the power of life and death over American industry will not care to weary his mind with such tedious reasoning. But here it is, none the less.

The inevitable tendency of capitalistic production is to substitute machinery for man power. The pick becomes the steam shovel, the small-town butcher is replaced by the packing plant, the bookkeeper gives way to the bookkeeping machine. The machine tends ever to become more complicated and to run at higher speed. The strain of long-sustained labor on delicate and fast-moving machines runs rapidly into diminishing returns. Long hours begin to make the slipshod work, mistakes, accidents,

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industrial stability. With the establishment of the 30-hour week it would become impossible for an industry to crowd its year's production into a working season of a few weeks by working long hours only to lay off thousands of men for community support until the next production season. The 30-hour week will force industry to plan as it has not done in the past. Industry will meet the challenge. To assume that we are at the end of improvements in techniques and equipment is to assume that there has been a fundamental change in the very nature of American genius. There are no facts upon which to base such an assumption.

Critics of the 30-hour week have argued that this measure would reduce the purchasing power of the farmer as a result of increased prices of industrial commodities. What, in reality, will be the effect of our proposal upon the farmer?

It is true that during the depression prices of farm products declined more than the prices of industrial commodities. We find, however, that since the prices of both farm and industrial products reached their low point in the spring of 1933, agricultural prices have advanced three times as fast as industrial prices. During the recent years large masses of workers deprived of their former jobs have drifted from industrial centers into the country hoping to obtain livelihood from farming or agricultural work. In order to sustain themselves under the existing conditions these men were forced to make inroads into the farmer's share of income and, by competing with the latter, they helped to further depress agricultural markets. The farmer will greatly benefit by the absorption of this surplus group into the channels of employment to which it properly belongs.

Briefly, the farmer will derive the following advantages from the proposed program:

1. Stabilized employment for the entire industrial population will provide him with a steady market for his crops, meats and other produce;

2. Industrial demand for such agricultural materials as cotton and wool will be also stabilized;

3. Expanded consumer demand will sustain agricultural prices obviating the need for artificial price controls;

4. Greatly increased volume of production resulting from reemployment will keep low the prices of industrial products thus making manufactured goods more accessible to the farmer;

5. Reemployment of millions who are now jobless will increase our national income and restoration of economic balance will permit the farmer to share in this increase;

6. Return of the surplus farm population to a payroll status will improve the economic position of those permanently attached to agriculture.

It has been argued that the adoption of our proposal would curb production and retard, rather than hasten, economic recovery. In major manufacturing industries, wages make up a relatively small share of the cost of production. In the Iron and Steel Industry, for example, by comparing the value of the product with elements of cost, we find that in 1933, wages constituted 19.9 per

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irregularity of output, a rapid turn-over of labor and a tortured labor force. All these cost money. The last hour in 10 costs the employer more than he gets from operation.

The familiar argument of labor that reducing hours increases the total output is, in general, not true. It may be true in very rare cases. If it were true generally the employers would find it out before the laborers. What is true is that in the case of uneconomically long hours the last hour may mean an actual loss to the employer. He can actually afford to reduce hours without reducing the total pay. Thus we find a resistless tendency toward shorter hours in highly skilled trades, in machine work and in many lines of "white colar" labor involving continuous mental exertion. This is the economic reason why the typesetter, the electrician, the highly skilled automobile worker, the telegraph operator and many other types of workers enjoy a short work day.

This again explains a sad paradox of life. Those workers who have the shortest hours and work under the most attractive conditions receive much the highest wages. They are the most highly skilled, they work on the most productive equipment and they are beneficiaries of this principle of production by machines. It is the introduction of machines, so much resented by labor and so greatly deplored by the magazine economists, that has given American factory labor the eight-hour day.

Unhappily, this beneficent force works but slowly in other fields of labor. In vast areas of wage-work, diminishing returns from long hours are not reached quickly. This is especially true of the cruder types of manual labor and of some types of "white-collar" work. In such work as ditch digging or retail selling or dish washing or cotton picking, the point of diminishing returns is reached only when physical exhaustion becomes a factor or the excessive length of hours results in deliberate slowing of the rate of work.

Even in certain types of machine operation simplicity of work may mean that long hours pay the employer and the employee more than short hours. In all such cases there is no automatic economic tendency to reduce hours. This explains the sad fact that the poorest paid work the longest hours. It tells us why it has been necessary to restrict the hours of women and child workers. It explains why hours have been lowered in many lines only after bitter strife. It explains why collective bargaining has in general been absent where it was most needed and most militant and grasping where it was not required.

But the grim conclusion of it all is this: No matter where the point of diminishing returns is found, whether at a nine-hour day or a 12-hour day, any reduction below that level cuts down production and lowers wages. This is not a pleasant fact, but it is a fact. The "stretchout" system is an inexcusable thing, but it is the natural result of an N. R. A. code of hours and wages that would not let industry survive. If you arbitrarily but gradually reduce hours in all fields of industry below the maximum productive level you slowly reduce the standard of living and the wage level. If you pick out one particular industry and lower hours violently, you ruin the industry and put its workers in the bread line.

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cent or about one-fifth of the value of the product. This compares with the average for the decade, 1921-1931, of 21.5 per cent. In Automobile Manufacturing, 13.5 per cent of the value of the product went to wages in 1933. In this industry, as in a number of other mass production industries, the share of wages in the value of the product has substantially declined from the pre-depression levels.

If we take the share of wages in the total value of the product at 16.7 per cent it is evident that a 20 per cent increase in the industry's wage bill would result in only a 3.3 per cent increase in the price of the product. In this case, the incentive to greater production in the form of increased purchasing power is more than six times as great as the deterrent—the 3.3 per cent increase in price. Of course, in practice this relatively small deterrent is apt to be even smaller, for much of it will be absorbed by the reduction in the per unit cost of production incident to the increase in the volume of output. While this is of necessity a generalized illustration, it suggests the broad implications of the problem as it exists in every modern machine industry. To say that the shortening of hours of work is bound to curtail production because of the inevitable price increases, is to apply medieval economics to the most highly developed industrial system in the world.

By undertaking the 30-hour week program, American business will make the safest possible investment—an investment in the productive capacity of American citizens.

There is nothing new in a proposal for national investment to meet an emergency.

Since the birth of the American Republic every national emergency threatening the welfare of our people has been met. In the face of the gravest economic emergency the nation has ever experienced, there is certainly every justification in calling upon American business to make another investment which calls for expenditure of funds to revive and expand our own profitable economic activity, to make possible the resumption of our advance toward greater material well-being.

Experience during the nineteenth century shows that technological improvements created an additional demand for labor. The rapid increase in population throughout the last century was accompanied by improvements in the general standard of living. This was due to the appearance of new productive possibilities, to the growth of railroad transportation, to the opening of new territories for industrial and trade activity. All these tendencies resulted in the creation of new demands which ran far ahead of the available productive capacity.

While these basic tendencies continued during the post-war period, their course was diverted to new channels. A solid wall of tariffs dammed up the great flow of our products to non-industrial countries. Other foreign markets were also eliminated. Industrial expansion was checked.

In this new situation the persistent and more rapid increase of technical improvements began to produce results opposite to those it produced in time of trade expansion. Instead of stimulating improvement in standards of living, technical progress resulted in additional

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The President recently, by executive order, reduced the hours of work in certain textile manufactures from the code level, already much below the competitive depression level, to 36 hours. That this executive action was dictated by the highest motive goes without saying; whether it is good economics is another question. The industry concerned is fighting the order to the last ditch, and the summary dismissal of the whole code authority indicates what the actual administrators of the code think of the measure.

This gives rise to one of the unsolved problems of life. A part of our labor force is pitifully inefficient through physical, mental, moral or educational defects. From these come the sorry victims of our competitive system. Here we find the sweatshop worker, the restaurant worker on an 84-hour week, some women employes and handworkers of many kinds. Arbitrary reduction of their hours throws these workers on relief.

How far society should go in restricting the hours of such workers is a social question that distresses economists, however assured politicians may be. In the long run economic history shows that it is wiser to restrict hours in these fields at least to that point where the workers are not victims of exhaustion and are not deprived of opportunity for decent home life and recreation. It is better for society to face higher costs for goods than increasing charity burdens. The eventual solution of this problem is simple, but its discussion is not within the province of this article.

At the other end of the scale are the efficient, capable, high-wage, short-hour workers. This writer hesitates to enter upon a discussion of the question of the proper length of the work week. He may be wrong. But it is his sincere judgment that in no major industry whatever is there any economic or social justification of a shorter work day than eight hours or a shorter work week than five and one-half days. This is the standard 44-hour week. A general reduction below this level means higher costs and lower wages throughout our civilization.

It is my belief that those codes that reduced hours to 40 or less have been injurious to labor and have increased unemployment. The application of the actual wage and hour levels of the President's unemployment agreement to all labor in this country would have reduced industry to chaos. Any person conversant with the actual condition of labor in the building trades and in the anthracite industry knows what uneconomic wages and hours can do even to highly skilled and strongly organized labor groups.

A very special factor makes radical reduction of hours most dangerous. As we unceasingly mechanize our industry the capital equipment becomes more important and more expensive. Arbitrary shortening of hours reduces the working life of this machinery, increases the overhead cost and enlarges the depreciation ratio. Increasing the number of shifts is not a satisfactory solution in any case, and it is not even possible in many cases. For many concerns, shortening hours means a plant idle so long that costs will wipe out returns from sales.

All this tedious economics is essential for an under-

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unemployment. The emphasis of production was shifted to the building of new capital equipment, reducing the relative supply of consumers goods.

These broad dislocations in economic trends which resulted in the present depression have placed the problem of unemployment in a new aspect. The practicability of the 30-hour work week cannot be conclusively proved by the statistical method, because it involves the readjustment of producing forces and results which cannot be accurately known in advance. Fundamentally, the problem is that of management of dynamic forces. It involves getting the cooperation of employers and workers for putting our production facilities into operation at high profitable levels. The statistical data I have presented, interpret economic trends and sustain our assumptions. There is proof that general cooperation can create jobs by reducing hours and increasing total purchasing power. Under the President's Recovery Program in the period beginning with July and culminating in October, 1933, more than a million and a half went back to work due to a 5-hour reduction in the work-week and payrolls increased 11.3 per cent. This period of cooperation lifted production 19 per cent the following spring. In that period business men were willing to accept leadership and cooperation with the Administration, but as soon as the shadow of economic collapse lightened, business was unwilling to follow the objectives—reduction of unemployment and increase in consumer purchasing power. The forces of production can be geared to these objectives—in fact, they must be geared to them if our machine age is to mean an economy of comfort and plenty for all, instead of revolution. We can no longer wait for automatic functioning of economic forces to restore normal balance and eliminate unemployment. We can no longer escape from domestic maladjustments by finding new foreign markets. The problem of unemployment must be solved within our economic system through the creation of such a new synthesis of economic relationships as is contemplated by the 30-hour week proposal.

Until rigid limitation of hours of work has been brought about, we can never expect to effect a maximum of reemployment. Under the National Recovery Administration codes, in many cases, the primary purpose of the forty-hour maximum week generally adopted has been defeated through exemptions and averaging provisions which have permitted such flexibility that no reemployment could be effected even in periods of increased production. However, widespread operations under schedules ranging from thirty to forty hours per week and from six to eight hours per day have already furnished conclusive evidence that operation under a more limited schedule of fixed maximum hours is entirely feasible. Under the proposed schedule of hours, planning and management are a requirement of paramount importance.

Furthermore, the six-hour shift has already been put into effect with highly favorable results in a number of plants. In the light of this, we must not lose sight of the fact that average weekly hours of work in October, 1934 for manufacturing industries, as computed by the Bureau of Labor Statistics, were only 34.5. Many industries showed a weekly average below thirty hours.

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standing of the proposed 30-hour week law. In April, 1933, the Senate passed the Black-Connery bill by a majority of 50 to 33. The Senate had passed a similar bill at an earlier session. This time it apparently escaped passage in the House only because the administration had devised the N. R. A. and insisted that the bill should give way to the more elaborate plan. Its passage had been held up temporarily by discussion of the necessity of barring imports made in countries of longer working hours.

A careless nation considers this measure a proposal to establish a universal 30-hour week. It does nothing of the sort. On the contrary, the measure intends to give a very small and relatively prosperous minority of labor special advantage. It is class legislation for the benefit of a small group of workers at the expense of all the rest.

The bill passed by the Senate a year ago prohibits interstate commerce in commodities produced in plants employing workers more than six hours a day for five days a week. There are 50,000,000 persons gainfully employed in labor or business or the professions in this country. This bill would apply almost exclusively to workers in mills and shops. It might be made to include workers in mines, quarries and forests, but a large proportion of these workers have piece-work or seasonal arrangements that would make the application of the law impracticable.

The group primarily affected would be the workers in plants, factories, mills and shops in industries primarily of the manufacturing class. The number of such workers at this time is 6,000,000, and of these a great many are employed by concerns doing no interstate business. With some admitted exceptions, this group is made up of productive and well paid workers. In the midst of the most pitiful unemployment and distress this group last September earned an average wage of just under 60 cents an hour.

But note a far more extraordinary fact. This entire group averaged only 33 hours of work a week in September. One year earlier they average 36 hours, and 15 months earlier they average 42½ hours. The prolonged depression, the general stagnation in the capital goods industries, the part-time operation of plants, the extension of the share-the-work plan and the N. R. A. have brought the hours down to 33. If a rigid 30-hour week should be imposed on the whole group it would require only 11 per cent more of the total now employed. At the most it would take 700,000 from the unemployed ranks. There are something between 8,000,000 and 10,000,000. In practice it might not add half of this 700,000. The inevitable result would be a rapid increase in costs of operation, a declining market and reduced production. How much unemployment would result is uncertain.

What, then, is the real objective of this scheme for the 30-hour week? Its proponents have very hazy ideas of the economic forces involved. Some of them honestly believe that it will "spread work" and relieve unemployment. Some honestly believe that the application of the 30-hour week to interstate industry would in some mysterious way force its adoption for all labor. The American Federation of Labor, whose economic analysis is

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If the principal problem with which management is concerned is the feasibility of operating on a six-hour shift, full consideration should be given to cases where this shift has already been tried and found to be successful. A report from the Kellogg Company, as to the results which they obtained after 6 months' experience with the six-hour day, shows that increased output and lower unit costs resulted from the change from an eight to a six-hour day with an accompanying increase in wages. In some instances, virtually as much production is obtained in six hours as was formerly obtained in eight. In flour mills in Buffalo, the schedule has been reduced to a six-hour shift basis. As a result of collective bargaining agreements on an industry-wide basis, five-day week and six-hour day have become standard in the Elevator Construction Industry.

In processes which run continuously five days per week, a change from three eight-hour shifts to four six-hour shifts certainly does not present an insuperable problem. Where a continuous process is operated seven days a week, there may be floating crews with work so distributed between these crews that each of them will obtain their weekly schedule of work.

It has been shown above that although industry is now operating on a nominal maximum week of forty hours, operations are far below that level. A schedule of four eight-hour days can be readily modified to a schedule of five six-hour days. It is significant that average hours in October, 1934 equalled or exceeded forty per week in only the following manufacturing industries: Electric railroad repair shops, 41.4; slaughtering and meat packing, 41.0; ice cream, 43.3; cottonseed oil, cake and meal, 47.7. Three of these industries have been completely exempted from codification up to the present time. In these isolated cases, where the long work week now prevails, there must be fundamental adjustments in policies of operation. Certainly those industries that have not already taken their first step in the shortening of the work week under the National Recovery Administration, cannot be exempted from the step which is found necessary for all industry at the present time.

The practical problem of instituting the thirty-hour week is not the reduction of operating schedules from forty hours per week and eight hours per day to thirty hours per week and six hours per day, but, for manufacturing industries, a reduction from an average work week of 34.5 hours to an actual maximum work week of thirty hours, with the six-hour shift.—*Extracts, see 2, p. 128.*

Carothers, *Cont'd*

usually of a sound character, believes that it will do much to relieve unemployment. At the annual meeting of the Federation this year a unanimous vote indorsed the bill and the Federation is now pushing its passage.

But consciously or unconsciously, the objective of the measure is an increase in wages by law. The depression is coming to an end. Normal times are ahead. If in this time of muddled economics and thoughtless legislation a legal 30-hour week can be jammed through and fastened on industry, it will have little effect now but will have a profound consequence later. When prosperity returns, a starved consumer demand will avidly absorb a large increase in manufactures. The abnormal restriction will create a tremendous demand for skilled labor. This labor is limited in supply. A scarcity value will be created. Wages will soar.

When the 30-hour law has created a shortage of skilled labor, workers will put in one or two hours of overtime at extra pay. The six-hour day will become an eight-hour day at wages at least one-third higher than the present return for eight hours. Nobody expects to work only 30 hours under any law. What is hoped for is pay for six hours equal to present pay, with pay and a half for two more hours. This is an excellent ambition, but it is not a pretty thing to force by law. The World War created temporarily a similar condition, and wages of $25 a day were not unknown.

The real objective of the 30-hour week is to create by law a special advantage for a special minority group of workers. It would be at the expense of the consumer, all other laborers and of the standard of living of the country. Just incidentally, it will injure the workers themselves in the end. The monopoly will exist for a time, at the expense of the country, but it will collapse. The excessive costs engendered will inevitably react on manufacturers in interstate trade. They will be hurt by local and foreign competition.

The industries themselves will be driven to frantic efforts to substitute machines for men, and will succeed in many lines. In the end many of the beneficiaries of such a law will join the ranks of the unemployed. This writer's sympathies are with the unorganized, overworked and poorly paid. He would like to see definite measures to aid the poor devil who washes dishes in a restaurant 60 hours a week, the scrubwoman on her knees, the overworked bookkeeper, the man who works with a pick all day long. He has no sympathy for legislation for the benefit of a special class, or for a Senate that passes it.—*Extracts, see 3, p. 128.*

Should the Wagner Collective Bargaining Proposal be Adopted?

PRO — **The Wagner Labor Disputes Bill Proposes to Abolish Company Unions to Insure Collective Bargaining by Trade Unions Only** — **CON**

by John L. Lewis

President, United Mine Workers of America

★ *Mr. Lewis argues that the right to collective bargaining is constantly evaded by the maintenance of company unions.*

THE right of organization and collective bargaining is now understood by all industrial workers, but the continual denial of that right and its evasions by company unions is creating unrest and will breed revolt among the workers in industry, apart from any question of wages. This is especially true in view of the fact that the Government, through legislation, is encouraging organization of industry.

The National Industrial Recovery Act encourages the organization of trade associations, groups of employers, and employers' associations of all character. Employers and industries are the beneficiaries of that act; they are thus enabled to do under the National Recovery Act what they were formerly not able to do in the formation of these associations, and in the definition of trade practices and the formation of selling pools and agencies, because of the provisions of the anti-trust laws with which formerly they would have come in more or less conflict.

If the Government is to encourage organization upon the part of employers who primarily are more able to protect themselves than are the workers, then it does seem to be entirely logical for the Government at least to give the workers the necessary degree of protection in the formation of their own voluntary forms of trade unions.

The bill introduced by Senator Wagner does not presume to make the Government a party to the formation of unions of the workers but it does undertake to protect the workers in the formation of such unions if they elect to take that action.

The Industrial Recovery Act has been taken by the employers and by the leaders in industry to mean that they are free to take advantage of all of its provisions in favor of industry and finance and also free to deny to the workers any privileges that they may esteem to be due them by the enactment of that legislation by Congress.

In the policy of forming company unions the employers undertake to deprive labor of the rights to be represented in any broad or any national way by representatives whom they may elect to employ. The constitution of the average company union provides that the workers are not free to elect representatives except those employed in the plant of such company. The workers are deprived of the

Continued on next page

by the National Association of Manufacturers

★ *The Manufacturers' Association argues that collective bargaining by company unions is sound in theory and practice.*

THE American Federation of Labor, at its 1934 San Francisco Convention, says that so-called "Company Unions must be destroyed." It demands that the government act for it—it even places itself above the government, attempting to dictate to it, and refusing to be responsible to any government agency for its own actions, although seeking to control the actions of both employers and independent workers.

The American Federation of Labor in demanding the destruction of Works Councils places itself squarely in opposition to the position taken by President Roosevelt. The latter, in his statement settling the Automobile Strike, declared March 25th:

"The government makes it clear that it favors no particular union or particular form of employee organization or representation."

The Works Council is a form of collective bargaining. But in considering the extent and merits of collective bargaining, it is most unwise to completely neglect consideration of the existence and merits of individual bargaining as a method of relationship between employers and employees. There may be many situations in which individual bargaining between the parties is the best method of providing fair and satisfactory treatment to all concerned.

What do we mean by "collective bargaining"? This term implies group dealing between employers and employees.

Such dealing may be direct by a group of workers, or it may be through their personal representatives. In either event, it may be informal in character, existing only when the group believes there is a necessity of joint consultation, or it may be of a more formal character providing for regular meetings between an employer and representatives of a group of his employees.

Formal group bargaining may be through trade unions. It must be understood that the clearly expressed ultimate aim of the trade union is the establishment of monopoly of labor power through the closed shop. As long ago as 1890 the American Federation of Labor Convention declared that it is inconsistent for union men to work with non-union men. The majority of unions forbid their

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Lewis, *Cont'd*

opportunity of availing themselves of skilled counsel in the form of economists, representatives of national labor organizations, attorneys, or any other agents if they are not employed in the plant. The employers attempt to localize the growth, formation and administration of so-called "labor unions" in this precise fashion while, at the same time, reserving the right and the privilege in their own forms of organization to hire the best talent available in our country for the presentation of their viewpoint to the public press, in wage negotiations, or in any of the councils of the nation.

What was the formula for organizing the company unions in one of the plants of the General Motors? On a certain day the foreman of the shop, or a shop foreman, would go to the men of strong character in his shop, men of personality, with some elements of leadership, and tell them they were called to a meeting in the office that afternoon. The meeting would assemble that afternoon in the company office and they would be addressed by a representative of the company. They would be told that the company wanted to form a company union, that the company expected these people to help them, that these men would be paid their regular hourly rates for such help by the company. They were then given copies of the constitution and by-laws of such company union, they were told that an election would be held, that the company would fix the date of an election, that the company would supervise the election, that the election would be held in the plant, that ballot boxes would be provided, that the watchers would be designated, and they were asked to help, and they were asked under such conditions and under such circumstances that their refusal to participate or their refusal to help would, in their judgment, have jeopardized their standing with the company, and their jobs.

The arrangements were thus made, the notices of the election were posted, each individual in the shop was canvassed by his foreman or his subforeman, and each of them was told that the foreman desired to have a 100 per cent record in his shop and he insisted that he go and vote and that the act of voting in the company-held election would make them members in good standing of this newly formed company union. They had no investment in it, they had no duty in the matter to perform except the dropping of a ballot in the box under the eye of the foreman or shop representative, and that made them members in good standing of this form of company union.

Witnesses testified before the National Labor Board that they resisted voting, that they were opposed to such participation, that they explained to the foreman they did not believe in that form of union, but they were asked to vote anyhow, and, against their will, they voted, and the returns were published that so many thousand men in this shop and this plant participated in the election and that they elected such representatives as were designated. The company fixed the requirements of representatives to be elected. It designated how many should be elected, or regulated the election and threw all manner of restrictions around it, and, in addition to that, the company financed it. They paid for the printing, they paid for

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N. A. M., *Cont'd*

members working alongside individual workers and their spokesmen are therefore guilty of hypocrisy when they declare to them that the public refuses to hire unionists. Practically every union has a provision such as the following of the National Plumbers Union: "No member shall be permitted to work with non-members of the United Association."

The late John Mitchell, formerly president of the United Mine Workers, the principal national union in the American Federation of Labor, declared in 1903: "With the rapid extension of trade unions, the tendency is toward growth of compulsory membership in them." This is the philosophy of the leaders of the American Federation of Labor, and they would utterly deny the rights of individuals by attempting to force the will of the majority upon all workers. The closed shop union method goes further, for it often seeks by intimidation and coercion to force the will of minorities who believe in the closed shop, upon majorities who are not willing to come under its yoke.

The other principal method of formal collective bargaining is through what is usually known as "employees representation" or Works Councils. Under this method the employees of one company elect representatives to deal with the management of the company. This is the usual situation although there are a few exceptions under which the employees of a small group of companies are combined for dealing with the management of the same small group of companies. The term "company union," frequently used to describe this form of collective negotiation, is used chiefly by labor unions in an effort to discredit this method of management-employee relationship. The term may, however, if it describes a unity of interests between the company and its workers, be considered meritorious. The term Works Council clearly implies that the co-operative "council" is confined to the "works" of a single company.

There is a question as to whether closed shop labor unionism is really collective bargaining at all. If one side has a monopoly of the "bargaining," namely, the supply of labor, there is then denied to one party any real opportunity to "bargain." If you say "get all your labor from me—or none is available," then you have no basis for a meeting of minds—in common fairness, justice or reason. Such a condition destroys the legitimate basis upon which to build real collective bargaining; it denies the essence of free contract to the employer—we later discuss the injustice to the employee which is involved.

According to the latest available National Industrial Conference Board figures, nine per cent. of the manufacturing workers of the country are governed under trade union contracts with employers, forty-five per cent. deal with their employers through Works Councils, and forty-six per cent. deal with their employers under individual bargaining. Probably if we were to take industry as a whole, the percentage of individual bargaining employees is too low and the other two percentages too high, since the Conference Board information was received on the whole only from medium sized and large companies, and it is impossible in any such compilation to get really adequate sampling from the vast number of small industrial

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Lewis, *Cont'd*

the time of those key men in forming this organization, and it was testified that they pay the regular hourly rater to all of the representatives of this union in carrying out the business of the union and in taking up the grievances of individuals that arise in the ordinary course of its operation.

In other words, the company unions in the automobile industry are merely subsidiary organizations to the General Motors and other corporations engaged in that industry. They are subsidiary organizations just as much as a subsidiary sales company in another city.

We think the workers have a right to form the kind of a labor organization that they desire and that the corporation which employs them has no right to dictate that form of organization and no right to subsidize that organization and no right to administer its functions.

If the workers want to form a union not affiliated with the American Federation of Labor they certainly have that right and, as a matter of fact, there are a number of very fine legitimate unions in this country that are not affiliated with the American Federation of Labor. The four railroad brotherhoods are not affiliated and yet they are recognized as the standard type of labor organizations in this country. The Amalgamated Garment Workers Union for 20 years was not affiliated with the American Federation of Labor, but within the last year have become affiliated with the American Federation of Labor by voluntary initiative on their own part and their own motion. They sought affiliation with it. There are other unions throughout the country, less in consequence, legitimate in themselves, that for reasons of their own have not seen fit to affiliate with the national movement.

The American Federation of Labor is merely a federation of labor unions and undertakes to act as the spokesman for those organizations, at the same time giving to the subordinate organizations the most full autonomy in the conduct of their affairs.

The Federation of Labor does not undertake to say to any of its affiliated unions that they shall do this or shall do that with respect to their own internal affairs or their relationships with their own industry or employees, and we certainly agree that the right indubitably exists for these workers to select their own form of organization.

We think, however, that the average man who works for a living would like to join a union and have the services of that union to protect him in his daily employment and represent him, unless he has some reason not to accept the services of the union, some interests, some reason, some motive, some purpose, some solicitation, some profit.

We find that the average man who refuses to join a union has some personal motive. It may be because his brother-in-law is a foreman and his brother-in-law asked him not to join a union and that is why he refrains from joining; it may be that he has a promise of preferment if he does not join a union; it may be any question of personal equation or personal ambition or personal relationship that keeps him from wanting to join the union. But, we find from experience in the mining industry, and I speak specifically of that because I am more familiar

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N. A. M., *Cont'd*

establishments of the country. Three million employers of 24,000,000 persons are under N. I. R. A. codes—an average employment of only eight employees per employer. Donald Richberg well said October 4, 1934, that in thousands of cases "the right of individual bargaining may be a very real right and of the very essence of tranquil relations."

The Works Council method of collective bargaining is not a panacea for all management-employee problems or even the "last word" on the subject. We surely cannot say that there can never be improvement in any method of relationships between employers and employees, nor, can we say that under all conditions and circumstances, Works Councils should be in operation. There may be conditions under which Works Councils could not function as effectively as they have in many hundreds of industrial plants, nor must we consider the Works Council system as being infallible. Separate Works Councils may be either good or bad in origin, in design or in operation. These defects might be due to lack of real desire to cooperate on the part of either the employer or the workers, but it may be due also to outside influences. There are advocates of Works Councils who say that if any such plan begins to creak or break down, it must be due to a flaw in the plan or a fault on the part of management. Recent experience demonstrates the unsoundness of any such viewpoint. Under the N. I. R. A., for example, workers in many plants having satisfactory relationships with their employers, have been forced out on strike, sometimes as a result of intimidation and sometimes as a result of deception.

The Works Council provides a common meeting ground for management and employees where the problems of both can be considered and dealt with in a constructive manner.

The Works Council endeavors to reconcile on the basis of local conditions and through an intimate knowledge of the facts, differences of opinion between management and employees at the point where such differences first occur.

The Works Council endeavors to settle disputes which cannot be adjusted in their early stages by appeal to higher authorities through duly constituted channels, until an agreement is reached.

Such are the intrinsic and basic foundations for Works Councils as a method of management-employee relationships in industry.

1. The Works Council facilitates early and prompt adjustment of difficulties on the basis of more exact knowledge of both sides of the questions involved.

2. The Works Council gives more assurance that an employee's individuality will be recognized in the handling of disputes, instead of settlement according to fixed and arbitrary rules and regulations.

3. The Works Council provides more assurance that individual ability will be recognized in pay, since it is easier for companies in which Works Councils exist to grade and pay employees according to their merit than for companies to do this which operate under union agreement, inasmuch as the majority of unions insist on the

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with it, that the average man likes to have the union protect him and represent him and he wants to be a member of the union. In exemplification of that fact, may I point out that in 1933 in less than 6 weeks' time in the mining industry after the passage of the National Industrial Recovery Act that 360,000 mine workers joined the United Mine Workers of America, an act which hitherto they had not been able to do because they were restricted from doing it by the conditions of their employment and the conduct of their employers by court injunctions, by armed guards, by living on private property, and a host of other conditions.

Before that time we told committees of the Congress that if Congress would pass legislation that would give these men freedom of action they would of themselves join the union. They join an organization because they know enough to know that the union is a beneficent influence for a man who works with his hands because it can protect him better than he can protect himself as an individual, and it does not need the impassioned pleadings of a fervent orator to convince the modern American workman that it is to his advantage to join a union. He will join a union and avail himself of its influence and its privileges if you give him conditions that will enable him to do it.

The same is true in the iron and steel industry. There is no particular organization right now in the iron and steel industry. Why? Well, because the steel companies imposed a plan of company union on the men, because they prohibit them from joining other unions, and because the men are not free. They maintain an espionage system, they discharge them if they join the union or if they look like they are going to join the union, and there is no organization there. But give the workers in the iron and steel industry freedom from certain ghastly company unions that are imposed upon them and they will join to a man the legitimate unions of this country. They are trying to protect themselves through the modern practice of collective bargaining and increase their wages and improve their working conditions.

The whole question of company unions and the attitude of the corporations toward legitimate organizations of labor is not based upon any principle. There is no dedication to a high purpose, there is no spirit of a crusade involved. The industrialists of America who espouse the cause of the company union do not possess any of the blood of the martyrs because it is merely a question of expediency, it is just a question of how much they can put across and how much they can get away with in their immediate and specific instance.

We are asking the Congress of the United States to pass the Wagner bill which does not contain any principles not already recognized by Congress, because it has been recognized in the Norris Act and in the National Industrial Recovery Act. I think the overwhelming sentiment of the millions of American workmen, American workers, whether men or women, is behind this measure. I think there is no one against it except the corporations who have selfish motives to serve.

The American workmen think the corporations are unfair in their attitude. They think it is a selfish attitude.

—Extracts, see 4, p. 128.

same pay for all workers doing the same operation.

Under unionized collective bargaining, employment, promotion, compensation and layoff tend to be settled by union seniority rules and automatic regulations irrespective of individual merit and the quality of individual service. Under the closed shop, therefore, the worker submits to a very large extent to having his future depend on union standards instead of on his own individual merit and ability.

4. The Works Council provides greater possibility of individual adjustment between men and management. The national union walking delegate frequently must attempt to justify his work by forcing mass action irrespective of community and shop conditions he seldom understands. The professional walking delegate becomes naturally and almost necessarily, perhaps even in some cases unconsciously, more interested in his own chance of individual gain through promoting discontent than he does in improving the relations between the individuals he represents and their employers.

5. There is more possibility, under the Works Council, of keeping all departments of a plant in balance between each other, avoiding hardship and loss of pay due to jurisdictional disputes between different unions, or strikes of members of one union preventing a flow of production and thus closing other departments.

6. The Works Council provides protection to the worker against his being called out on sympathetic strikes to benefit workers in other companies, even other industries, although perfectly satisfied with his own working conditions.

An employee cannot be compelled to belong to a Works Council or a so-called "company union." There can be no valid objection to this on the part of employers since, if men are compelled to belong to something they really do not like, the eventual results can hardy be beneficial.

We believe, on the other hand, that the law should be applied equally.

The National Labor Relations Board has ruled that a closed shop contract between an employer and a Works Council, is contrary to law. Assuming that the Board's interpretation is correct, we believe the law as it now stands also forbids closed shop contracts with a labor union, at least to the extent that any worker might be required to join a union to either secure or retain employment. The following was said by General Johnson as late as July 15, 1934, at Portland, Oregon:

"The specific question that was put up to me is whether 7a requires or forbids a closed-shop contract. It does neither and a closed-shop contract under a code would not be illegal, but in the opinion of Donald Richberg, our General Counsel, and in my own opinion, when an employer came to enforce his closed-shop agreement by requiring as a condition of employment that a man join a particular union not of the man's own choosing, the employer would be violating Section 7a."

The further question arises as to whether there can be only one bargaining group in a plant or whether there may be two or more bargaining groups in the same plant. Our interpretation of the law is that it clearly means that

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PRO

by Francis Biddle

Chairman, National Labor Relations Board

★ *Mr. Biddle insists that members of a company union are never in a position to bargain freely with their employer.*

THE theory of N. R. A. code structure was that industry would police itself. Minimum prices and wages were to be fixed by industry from within itself, instead of being forced on us by an inexperienced Government.

One basic clause written into all codes was the famous section 7 (a), a declaration of the right to organize and bargain collectively. But it was hardly more than the bold declaration of a right. Rights are not self-enforcing. If hours of work, wages, and basic working conditions had been the subjects of collective bargaining in code making; if labor, as well as industry, had written the codes and been equally represented on the code authorities; if the provisions of the codes then could and would have been enforced, I believe that today we should have had higher wages, a broader market, and more basic economic improvement.

It cannot be denied that where collective bargaining exists, where unions are well-established and recognized, real wages are higher, and work more regular. Moreover, any tendency of minimum rates fixed by codes toward pulling down the higher wage scale in a given industry would, of course, be checked by collective bargaining.

There are two theories about the relationship of capital and labor. One is the partnership theory, the other the class-war theory. The first insists that since both employer and men depend for their living on the success of the business they are necessarily partners and must cooperate to a common end. The boss and his workmen, under this conception, are the members of the partnership. Employers like this theory because it puts them in a position to object—with logic if you accept the definition—to any form of strike, agitation, unionization in fact, which interferes with the relationship.

The other approach is exactly the opposite. Class war, so it runs, is an inevitable result of our economic system. The interest of employer is absolutely opposed to the interest of his men. He is after as much profit as he can squeeze out of his men; they are alone interested in the highest wages they can get out of the business.

A little thinking will show that both these generalities are partly true; that each taken alone is misleading; that together they are not only not inconsistent but complementary. For the interest of each partner in any partnership agreement is to get all he can out of the business. If one gets more the other must get less. But that does not mean they cannot agree on the share of each, on the theory that their joint endeavor, mutually regulated, will be more satisfactory to both in the long run.

There is, however, one real flaw in the argument that the relationship is one of partnership, which is usually overlooked. A partnership is the result of agreement and

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CON

N. A. M., *Cont'd*

any group of employees in a plant may seek to bargain collectively with their employer and that they cannot be denied the right to do so even though another group constituting a majority of the employees of the plant, is also dealing collectively with the employer. This is the interpretation which President Roosevelt applied in settling the automobile strike, where he specifically provided for proportional representation of different organized groups in the same plant or industry. In settling the automobile strike President Roosevelt obviously could not over-ride Section 7a, and therefore if the principle established by President Roosevelt under Section 7a is legal in that case, it must be legal in other cases. The same principle was in substance recognized in dispute settlements approved by the National Labor Board in the Electric Auto-Lite and Remington-Rand cases.

Unfortunately the National Labor Board in other cases ruled that all employees in a company must be represented by the majority group in the company. The new National Labor Relations Board reaffirmed this rule in the Houde Engineering Company case. In view of the opinion of our Law Department that the ruling is illegal and unenforceable, and since it is at direct variance with statements by the President, the Administrator of N. R. A., and the General Counsel of N. R. A., the Board of Directors of the National Association of Manufacturers has urged that the majority rule principle be disregarded until it is upheld by competent judicial authority.

1. It is charged that Works Councils are initiated by employers. This is not universally true as we know of many instances in which groups of employees have proposed such plans,—but what if it were true? Surely the employment relationship between management and employees is two-sided. Both parties are involved and both parties possess rights and obligations. Any attempt to deny that the employment relation is two-sided must imply that one party has a right to dictate to the other. If the relationship is two-sided, as must be evident, then certainly either party must possess the right to present any plan or project to the other, and either party must similarly retain the right to either accept or reject any proposal made.

2. It is next charged that Works Councils are primarily favored by employers because they will prevent the growth of trade unions. This is certainly not true of the majority of plans in existence at the beginning of 1933, but we have no definite information as to the extent to which it may be true of plans established in 1933 and 1934. But what if such plans were favored by employers as preferable to trade unions? If the employer considers trade union collective bargaining undesirable from the standpoint of productive efficiency and company earnings, then the employer surely has a right to consider the welfare of the bondholders and stockholders of his company. We hear a great deal of talk about the rights of wage earners but we often neglect to consider the rights of security holders. According to reliable information, there are some 9,000,000 stockholders in 217 principal American companies and it is estimated that there are an additional 10,000,000 stockholders in perhaps 1200 more companies. If the employer considers that some form of col-

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presupposes equality of bargaining. This condition does not apply to an individual seeking a job. The partnership is created as the result of an agreement. Thus it becomes fair to describe the relationship as a partnership only after an agreement has been entered into by the parties from some equality of bargaining power. Such agreements are collective bargaining agreements, signed by employer and union and are real partnerships, which carry with them the joint goodwill and spirit of team play of real partnerships.

Therefore if employers are sincere in their insistence that labor is a partner of capital; if they wish to work in cooperation with their employees instead of in continual struggle with them; if, in a word, they wish peace and not industrial war, they will say frankly, "We wish to bargain in groups; we will not exploit our labor by hiring individuals, but will honestly and sincerely treat labor as an actual and not merely as a nominal partner in the joint enterprise." Industry, instead of welcoming the Wagner bill, is preparing to fight it on all sides. It is a bill primarily intended to bring about by collective bargains that true partnership of which I have spoken. And yet on February 23 the *Journal of Commerce* characterized it as founded "upon the theory that there is a perpetual conflict between employer and employee." But the truth is that most employers do not want to treat labor on a basis of equality. They want neither alternative—free contracts or industrial war—because they are embedded in the passing doctrine that a workman should take what he can get. They do not mind occasionally "improving" his lot, if the improvement comes from the top down—the old gesture of charity. But free men hate charity as much as they cherish independence. So that collective bargaining has come to mean industrial freedom to American workmen.

A man inside his shop is not free to bargain for his fellows. If he presses his bargaining too hard, he loses his job. But the trade-union representative is paid by the union to do the union's bargaining—not by an employer whom he is trying to convince. Of course, employers dislike outside interference, and like to sneer at "walking delegates." He cannot dominate them by the most effective means which every employer has, and is loath to give up—the fear of the man's losing his job.

I do not underestimate racketeering in organized labor. It exists, unfortunately, as it exists in politics, in industry, among lawyers, and with bankers and brokers. Leadership is a crying need in this field as in the others. And I am convinced that there are today in our country employers who have some vision of the new industrial democracy that is bound to come, that is growing, here at our feet, inexorably; who will, perhaps, be leaders side by side with the leaders of labor.—*Extracts, see 5, p. 128.*

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lective bargaining with company employees is desirable, then he possesses the right to weigh the relative merits of the different kinds of collective bargaining and to favor and propose the one he believes best suited to bring about and maintain mutually satisfactory and harmonious relationships between company management and workers—and that is the kind which management truly desires even if only from a selfish viewpoint.

While the employer has every right to consider the relative merits of different kinds of collective bargaining and to prefer Works Councils to trade unions, his sole aim and design should not be to crush or oppose trade unions by co-operating with his employees in a Works Council. The employer should neither favor nor join in operation of a Works Council unless he really believes in the principle of intimate and continued conference with employees.

3. It is further charged that Works Councils are financed by employers. This question is not as important in principle as the two preceding ones, for it is mainly a question of practical operation. If we recognize, however, that there is a real community of interest between the employer and employees, then it may be assumed that any duties inherent in the carrying out of the purposes of any plan to develop that community of interest, are a legitimate and necessary part of the company's business. Hence they are a legitimate charge against the expenses of a business.

Many believe that companies having Works Councils should do no more than recompense employees' representatives for time from their regular jobs spent on Works Council business. Others think that employees in a Works Council plan should vote on whether they desire to pay dues to the Works Council system. This would be much fairer than to prohibit, as some legislation has proposed, all use of company funds in connection with Works Councils.

The critics of Works Councils apparently believe:

(a) That trade unions own a monopoly on the idea of collective bargaining; and

(b) That they possess a patent upon the only possible kind of collective bargaining;

but is it not possible that since collective bargaining originated with one kind, union collective bargaining, that new forms may develop, Works Councils, for example, which may prove superior?

We cannot say with finality that any system of government relations is final or may not be improved upon. It is quite conceivable that in the future we may develop an improved method of relationships between employer and employees which may be an enlargement or alteration of Works Councils, drastic alteration in the form of national unions, adaptation of ideas contained in both Works Councils and national unions, or some entirely different form. But we can say today with real certainty that the Works Council is a more modern form of collective relationship between employer and employees than is the trade union, that it is a more direct form and that it is a more efficient form.—*Extracts, see 6, p. 128.*

Con continued on next page

PRO

by Charles Ogburn,

Attorney, Assn. Electric Railway Employees

★ *Mr. Ogburn insists that company unions managed entirely by employers and have no freedom of action.*

THE provisions of the Wagner bill constitute the most desirable and needed legislation the Congress today could very well entertain. It meets the needs of labor. I go further and say it meets the needs of industry. It meets the needs of the good of the people as a whole. It is a milestone in American legislation. It is a cornerstone of industrial justice.

What Congress has done for the railroads and railroad labor in the enactment of the Railway Labor Act and in setting up the United States Board of Mediation it ought also to do for industry generally and labor as a whole by passing this labor disputes act.

Congress passed a highly important law, signed by the President on June 16, 1933. It may become the most important act ever passed by an American Congress. It is the National Industrial Recovery Act. The N. R. A. created by it has proved highly beneficial to industry, especially to large manufacturers. But it will surely place burdens on labor in its role as consumer. Labor's rights to self-organization have been recognized by the courts since 1842. The right to bargain collectively through representatives of their own choosing was inserted by President Wilson in the policy of the National War Labor Board. Congress put this right in the Railway Labor Act. And now this Congress has guaranteed it to labor generally by making it a part of all N. R. A. codes. The Supreme Court has upheld the Railway Labor Act and this right it guarantees to labor. Hundreds of workers, who read 7 (a) of the Recovery Act with joy and new hope, relied on its protection and went out to organize. I believe in every case which has been brought to my attention the workers themselves sought the American Federation of Labor rather than the American Federation of Labor seeking the workers. They soon found themselves discharged for these organization activities and are today walking the streets with nowhere to turn for help. Senator Wagner's bill is needed for these men of great faith who believed their Government's promise.

The right of employees to self-organization as a means of equalizing the bargaining power of their employers should be complete and undisputed. An effective means of impairing and denying this right has been found by employers in the "company union", which they set up.

There is one phase of the company union that I would like to point out. These company unions are sometimes hard to recognize. They are cleverly disguised. They are like the puppet shows one sees in Italy, which so delight the children by their illusion. They go through all the motions, they swat one another over the head; but it is all done by an unseen person behind the screens who pulls the strings. It fools even some adults. These puppet shows

Continued on next page

CON

by Walter Gordon Merritt,

Counsel, League for Industrial Rights

★ *Mr. Merritt considers the maintenance of company unions necessary to prevent abuses by Trade Unions.*

EMPLOYEES do not ordinarily organize spontaneously. The inspiration of organization usually comes either from the employer or from labor leaders. Either source of guidance is legitimate if it is honest and fair, and guidance from two different sources, each of which tends to disclose and correct the frailties of the other, stimulates wholesome discussion and thinking which is educational in character. While neither group should be allowed to coerce, intimidate, or apply undue pressure, both groups should have full rights to engage in normal organizing activities of a somewhat corresponding character. This has been the procedure in this country for the last 2 decades, and it has resulted in a large number of strong unions and a large number of successful employee-representation plans.

The fact that there are two outstanding and competing types of organization has led to the exercise of moderation and restraint on the part of each. Employee-representation plans have operated on a basis of fair play which would not have been so generally maintained were it not for the possibility that failure so to act might result in the employees joining another type of union. If the labor union movement were crushed, employers would act with less self-restraint. If employee-representation plans were crushed, labor unions, having a monopoly of organization, would establish closed-shop arrangements in various industries and would multiply abuses. Such human trends are inevitable because human nature does not ordinarily put on its own bridle. For this reason, competing forms of organization should be fostered.

These two forces of organization should be allowed to react upon each other with a view to self-improvement in respect to both, so that they will tend, more and more, to serve the public interests. Prior to the depression it was generally recognized in this and other countries that never before had there been any such spirit of goodwill and cooperation as existed between management and men in the large industries in this country where employee representation existed. To condemn and attempt to smother these conspicuous successes in human cooperation by denying the employer freedom to influence the form or policy of organization which his employees may adopt, would be fraught with unfortunate consequences and would be a step in opposition to a form of industrial relationships which has been marked with extraordinary success. The company union, as it is unfortunately dubbed, should not be outlawed by class unions.

Dangers threatening and sometimes destroying sound collective bargaining, arise from exploitation, or unwise conduct, on the part of employers or labor leaders. Some employers repress freedom of employees to join a union of their own choosing, because they naturally fear abuses

Continued on next page

Ogburn, *Cont'd*

and these company unions are very closely manipulated. One such company union even fooled its own attorney who thought it was real.

The employees in these company unions have no real independence, no equal bargaining power. Participation by employers in such organizations, including financial participation, must cease. The companies usually match the men's payments and then manage the whole fund. And the subtlety of indirect management of company unions by employers has become a fine art.

Another result of the enactment of this bill will be greater prosperity and a more even distribution of wealth. There is no better means of raising wage levels than through collective bargaining of workers with equal bargaining power and directed by capable leaders. Higher wages mean greater purchasing power, greater markets, greater prosperity. Had unionization of workers continued its growth during the 1920's with the result that more profits went into wages and less into plant extensions and speculation, the depression would have been greatly lessened.

The N. R. A. is called on constantly to establish lower differentials on wages in the codes for the South. The South has a mistaken idea that low wages are best for it. If collective bargaining existed to a greater extent in the South, and consequently if wages were slowly raised to the national levels, it would mean more to the prosperity of the South than any other factor, except tariff adjustments. Suppose the pay rolls of South Carolina, as an instance, were increased through higher wage levels by $50,000,000 in a year, there would be that much more for the welfare and the education of its people.

The Wagner bill furthermore is a bulwark to our democracy. The A. F. of L. is the only active opponent, carrying on effective work against communism in this country. The way to keep labor conservative is to give it the right of self-organization and collective bargaining, and a just tribunal to hear its complaints. It is the few executives of industries here and there who still live in the dark ages who are causing the real bitterness among workers and who are the despair of the enlightened employers. —*Extracts, see 9, p. 128.*

Merritt, *Cont'd*

from independent self-asserting union organizations. Some labor leaders, in a desire selfishly to secure power and reward for themselves, misguide and coerce employees in matters of organization. Any attempt to correct this situation for the purpose of preventing the employees from becoming the victims of either of these exploiting forces, should proceed on a fair and impartial basis, and should establish standards of fairness and justice, to be respected by both labor leaders and employers. The weakness of the labor-disputes bill lies in the fact that it is not grounded on any broad social or moral basis, but aims only at one of the sources of danger which tend to undermine sound collective bargaining. The result of such a partisan approach is reflected in the partisan provisions which conspicuously appear in parts of the bill.

The employer has a deep interest in the policy and form of the labor organization with which he deals. To deny him the right to engage in normal activities in attempting to improve organizations, with which by law he is compelled to deal is to suppress free speech and normal cooperation, and to deprive employees of helpful education and guidance and protection against unfairness, such as some employers have furnished them in these matters in the past.

The Wagner bill is primarily objectionable because it aims to correct exploitation of any employees' associations only when it emanates from one class, because it fails to recognize the interest of the employers in the form and policy of any labor organization with which they are obliged to deal, and because by implication it condemns the better class of employee representation plans, which have behind them an outstanding record of fine achievement. Any attempt by legislation to protect employees and their organizations from the exploiter, or to shape public policy in such matters, should involve a definition of fair practices operating alike on employers and union leaders and should take the form of governmental supervision of all labor organizations and their sponsors and not merely one type of labor organization and its sponsors.—*Extracts, see 8, p. 128.*

THE STUDENT'S Q. and A. PAGE:—

The Practice of Pairing Votes in The Senate

Q. What are the Senate rules covering "pairs"?

A. The pairing of votes in the Senate is a practice upon which the result of any important ballot hinges, as in the recent instance when the Senate by a vote of 44 to 43 approved the McCarran "prevailing wage" amendment.

Pairing of votes is not covered in Senate rules; it is merely a common custom dating from the days of John Quincy Adams, and is, in fact, purely a gentleman's agreement to protect the interests of absent Senators who wish to be recorded in the vote.

Most usual is the specific pair, by which a Senator who will be present and another who will be absent plan to offset each other's votes on a particular subject.

Sometimes pairs may be transferable. Switching brought victory for the McCarran amendment in the instance cited. When the roll-call ended and just before the close result was announced Senator Dickinson (for the amendment), who was paired with Senator Barkley (absent and against the amendment), suddenly transferred the pair to Senator Frazier (absent and for the amendment). This left Mr. Dickinson free to vote "yea," and he did so.

But Mr. Frazier entered the chamber and also voted "yea." This forced Mr. Dickinson to withdraw the transfer and let his pair with Senator Barkley stand. The proponents of the amendment were still short of victory by one vote.

Senator Long, who had been acting as a lieutenant for the McCarran forces, hurried out to Mr. Dickinson and informed him that he could transfer the pair to Mrs. Caraway (absent and for the amendment). Mr. Dickinson did so. He then cast his own vote and the amendment went through by a majority of one.—*Extracts, see 7, p. 128.*

The Senate Rules Governing The Vote

Q. What are the rules for the casting of votes in the United States Senate?

A. Rule XII of the Senate Rules states:

1. When the yeas and nays are ordered, the names of Senators shall be called alphabetically; and each Senator shall, without debate, declare his assent or dissent to the question, unless excused by the Senate; and no Senator shall be permitted to vote after the decision shall have been announced by the Presiding Officer, but may for sufficient reasons, with unanimous consent, change or withdraw his vote. No motion to suspend this rule shall be in order, nor shall the Presiding Officer entertain any request to suspend it by unanimous consent.

2. When a Senator declines to vote on call of his name, he shall be required to assign his reasons therefor, and having assigned them, the Presiding Officer shall submit the question to the Senate: "Shall the Senator, for the reasons assigned by him, be excused from voting?" which shall be decided without debate; and these proceedings shall be had after the roll call and before the result is announced; and any further proceedings in reference thereto shall be after each announcement.

3. No request by a Senator for unanimous consent for the taking of a final vote on a specified date upon the passage of a bill or joint resolution shall be submitted to the Senate for agreement thereto until, upon a roll call ordered for the purpose by the Presiding Officer, it shall be disclosed that a quorum of the Senate is present; and when a unanimous consent is thus given the same shall operate as the order of the Senate, but any unanimous consent may be revoked by another unanimous consent granted in the manner prescribed above upon one day's notice.

Rule XIII covering the reconsideration of votes states:

1. When a question has been decided by the Senate, any Senator voting with the prevailing side may, on the same day or on either of the next two days of actual session thereafter, move a reconsideration; and if the Senate shall refuse to reconsider, or upon reconsideration shall affirm its first decision, no further motion to reconsider shall be in order unless by unanimous consent. Every motion to reconsider shall be decided by a majority vote, and may be laid on the table without affecting the question in reference to which the same is made, which shall be a final disposition of the motion.

2. When a bill, resolution, report, amendment, order, or message, upon which a vote has been taken, shall have gone out of the possession of the Senate and been communicated to the House of Representatives, the motion to reconsider shall be accompanied by a motion to request the House to return the same; which last motion shall be acted upon immediately, and without debate, and if determined in the negative shall be a final disposition of the motion to reconsider.

PLEASE send stamped, self-addressed, return envelope with all questions submitted for direct answer. Address your queries about Congress to "The Students Q. and A. Page," CONGRESSIONAL DIGEST, 2131 LeRoy Place, Washington, D. C.

President Roosevelt's Views on N. I. R. A. and Labor

Continued from page 109

that the public will be protected and that ruinous price cutting and inordinate profits will both be denied.

We must continue to recognize that incorrigible minorities within an industry, or in the whole field of trade and industry, should not be allowed to write the rules of unfair play and compel all others to compete upon their low level. We must make certain that the privilege of cooperating to prevent unfair competition will not be transformed into a license to strangle fair competition under the apparent sanction of the law. Small enterprises especially should be given added protection against discrimination and oppression.

In the development of this legislation I call your attention to the obvious fact that the way to enforce laws, codes, and regulations relating to industrial practices is not to seek to put people in jail. We need other and more effective means for the immediate stopping of practices by any individual or by any corporation which are contrary to these principles.

Detailed recommendations along the lines which I have indicated have been made to me by various departments and agencies charged with the execution of the present law. These are available for the consideration of the Congress and, although not furnishing anything like a precise and finished draft of legislation, they may be helpful to you in your deliberations.

Let me urge upon the Congress the necessity for an extension of the present act. The progress we have been able to make has shown us the vast scope of the problems in our industrial life. We need a certain degree of flexibility and of specialized treatment, for our knowledge of the processes and the necessities of this life are still incomplete. By your action you will sustain and hasten the process of industrial recovery which we are now experiencing; you will lighten the burdens of unemployment and economic insecurity.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *February* 20, 1935.

Sources of Material for this Issue

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3—(Carothers) Washington Star, Jan. 6, 1934.

4—(Lewis) Hearings Senate Com. on Education and Labor, March 16, 1935.

5—(Biddle) Address, Carnegie Hall, Pittsburgh, Mar. 4, 1935.

6—(N. A. M.) *Labor Relations Bulletin*, N. A. M., Sept., 1934.

7—Article by Lewis Wood in N. Y. Times, March 10, 1935.

8—(Merritt) Hearings Senate Com. on Education and Labor, April 9, 1934.

9—(Ogburn) Hearings Senate Com. on Education and Labor, March 15, 1934.

Personnel of the 74th Congress, Now in Session

***Duration—January* 3, 1935 *to January* 3, 1937. *First Session Convened January* 3, 1935**

In the Senate

Membership
Total—96

69 Democrats
1 Farmer-Labor
25 Republicans
1 Progressive

Presiding Officer

President: John N. Garner, D.
Vice-President of the United States

Floor Leaders

Majority Leader
Joseph T. Robinson, Ark., D.

Minority Leader
Charles L. McNary, Ore., R.

Officers

President Pro Tempore
Key Pittman, Nev., D.

Secretary
Edwin A. Halsey

Sergeant at Arms
Chesley W. Jurney

Chaplain
ZeBarney Thorne Phillips, D.D.

In the House

Membership
Total—435

320 Democrats
3 Farmer-Labors
103 Republicans
7 Progressives
2 Vacancies

Presiding Officer

Speaker: Joseph W. Byrns, D.
Member of House from Tennessee

Floor Leaders

Majority Leader
Wm. B. Bankhead, Ala., D.

Minority Leader
Bertrand H. Snell, N. Y., R.

Officers

Clerk of the House
South Trimble

Sergeant at Arms
Kenneth Romney

Doorkeeper
Joseph J. Sinnott

Chaplain
James Shera Montgomery, D.D.

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